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13 July 1982

## LATIN AMERICA REPORT

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## PROBLEMS WITH CHIVOR HYDROELECTRIC PROJECT

Bogota EL TIEMPO in Spanish 15 May 82 p 4-A

[Article by Jaime Arias Restrepo]

[Text] The reasons for the landslides which have occurred in the town of Santa Maria in Boyaca are still not clear. Some people attribute them to water leaking from the tunnels connecting the La Esmeralda reservoir with the machinery building of the Chivor hydroelectric power plant.

But what is clear, according to the study for the Regulation and Management of the Watersheds of the Somondoco, Garagoa, and Bata Rivers, which was recently submitted to the ISA [Electrical Interconnection Co.] by the firm Epam Ltd., is that the Chivor hydroelectric power plant does have a number of problems which must be corrected, aside from any problems which may be related to water leaking from its tunnels. According to the study, the following are some of the problems at Chivor.

The machinery building needs "protection" at a cost of 77 million pesos; the "danger" comes from the nature of the floods in a stream near the plant. These floods are the result of the way land has been used near the intake, a use that has not been the best.

The beds of about seven streams, which provide nearly 70 percent of the sedimentation of the La Esmeralda reservoir, also need protection, at a cost of 743 million pesos. To this should be added another 97 million pesos to correct the effects of the diversions of the Tunjita, Negro, and Rucio Rivers; of the three, the Rucio River has the most difficult problems because of "emerald mining that is done in the open and without any form of control."

As for damages caused to the peasants in the area by landslides near the La Esmeralda reservoir, which are the result of variations in the water level in the reservoir, it seems that the only viable solution is to purchase a minimum amount of land at an approximate cost of 24 million pesos.

Solving the remaining problems has an estimated price tag of 420 million pesos. These problems involve such things as reforestation, soil conservation, control of renewable natural resources, improvement of hydrometeorological information, etc.

On the subject of the inconveniences to the inhabitants of the area, the study recommends to the ISA that "in cases in which projects or actions related to the operation of the dam and the power plant destroy or damage infrastructure or eliminate the possibility of fording water courses, it is considered necessary to replace the damaged infrastructure or to build structures which may help to mitigate any annoyance caused to the local population." On the urgency of doing this work, the author of the study states: "Some of the actions recommended in these plans should have priority; if they are not executed at an appropriate time, this could lead to damage to the reservoir and the local population, and as a result, to the ISA."

In summary, it seems that about 1.36 billion pesos must still be invested in the Chivor hydroelectric power plant, in addition to the investments made to date and those now being made for such work as the diversions of the Tunjita, Negro, and Rucio Rivers to the La Esmeralda reservoir by means of tunnels.

7679

CSO: 3010/1597

## MOCTEZUMA CID HEADS OIL MISSION TO FAR EAST

Mexico City EXCELSIOR in Spanish 2 Jun 82 pp 5-A, 13-A

[Article by A. Garza Morales]

[Text] Julio Rodolfo Moctezuma Cid, director general of Mexican Petroleum (PEMEX), left yesterday for the Far East, where he will try to market the excess hydrocarbons produced by Mexico.

So far, the average daily sales of crude oil have totaled 1.1 million barrels; by next September we will be in a position to market up to 1.5 million barrels per day.

Moctezuma Cid will hold talks with oil companies of Japan, Hong Kong, Korea, the Philippines and Malaysia, in an effort to sign contracts for the sale of Mexico's Arabian light crude, 31 degrees API.

The official is being accompanied by Assistant Director for Exploitation Adolfo Lastra Andrade, Assistant Director for Refining Jose Luis Garcia Luna, and Assistant Director for Marketing Gilberto Escobedo Villalon.

The Mexican mission will exchange points of view regarding the world crude oil market; the prevailing conditions and needs of each of the countries on the itinerary, in terms of hydrocarbons; and negotiations for the purchase of Mexican crude, utilizing the operative conditions on the Pacific Ocean provided by the port of Salina Cruz, Oaxaca.

The first 3 days of the trip, Moctezuma Cid will meet with officials of the Japanese Ministries of Industry and International Trade, Foreign Relations and Finance. He will address the National Association of Businessmen, with banking and business executives of Mitsubishi and the Overseas Coastal Area Development Institute.

Then he will proceed to Seoul, Korea; then to Hong Kong; and on the 8th and 9th he will be in Manila. Finally he will go to Singapore, whence he will return to Mexico City on the 12th of this month.

The goal is to sign enough contracts, in accordance with current market values and with quarterly adjustments, to be able to sell our production

surpluses. Production should total 2.75 million barrels per day during the second half of this year.

National consumption at present amounts to 1.1 million barrels per day, so 1.5 million barrels can easily be sold each day to foreign companies.

The terms of the pacts, as Mexico has required in the past, will demand that the purchasers themselves refine the crude, in order to avoid a triangular trade and the use of petroleum for speculation.

8926

CSO: 3010/1744

## BRIEFS

ILLEGAL MOVEMENT OF FUELS--To avoid smuggling of diesel fuel and gasoline to the United States from different points on the northern frontier, Mexican Petroleum ordered that for each transport unit only 200 liters of fuel would be sold, sufficient for a trailer to go 300 kilometers, and automobiles even more. Because of the difference in prices between fuels in Mexico and the United States for diesel as well as gasoline, in past days large quantities of diesel and gasoline were purchased to ship in tank trucks or drums to the other side of the frontier where they were resold. [Text] [Mexico City EXCELSIOR in Spanish 6 Jun 82 pp 4-A, 7-A]

9678

CSO: 3010/1722

STATE OF SIEGE TERMINATION ANNOUNCEMENT DRAWS REACTIONS

Support From Gomez Hurtado

Bogota EL ESPECTADOR in Spanish 8 Jun 82 p 10-A

[Text] Conservative leader Alvaro Gomez Hurtado said yesterday that the situation in the country is sufficiently peaceful to attempt a lifting of martial law.

Alvaro Gomez asserted that it is important to raise Colombia's moral tone and that, therefore, the new government would have every right to dismantle patronage.

Martial Law

In statements to Radio Sutatenza, Alvaro Gomez said the following about lifting martial law in Colombia:

"Martial law is declared only when regular judges are incapable of investigating crimes, and society has found a way of protecting itself through oral courts-martial. So, there has been a constant distortion of martial law as conceived in the Constitution of 86, as well as in past constitutions. When martial law is lifted, all crimes committed against the public order under political pretexts or all crimes termed atrocities will be tried by regular judges, which ought to be the normal way of administering justice if the citizenry feels that this is sufficient to avoid anarchy. At this moment, I think that the situation that has been created in the country is obviously peaceful enough to attempt a lifting of martial law, as the National Government is planning to do, without (probably) causing serious repercussions on the public order."

Announcement Praised

Bogota EL ESPECTADOR in Spanish 8 Jun 82 p 3-A

[Alfredo Vazquez Carrizosa Column: "And Now To Close"]

[Text] "And now to close," as a mustachioed television commentator is wont to say, President Turbay and the minister of defense, who has

been his copresident, have suddenly decided, as they ride into the setting sun, to lift martial law.

Upon reading the news, Colombians must have rubbed their eyes in disbelief, wondering whether they were reading the wrong paper or whether it was just a prank. They read the news item over again and realized that this unlikely development, in other words, a return to full institutional normalcy, could take place before long. Rumor has it that the Security Statute and Martial Law will be dead letter 15 days from now.

Just 3 weeks ago, the Peace Commission was dissolved when its civilian members resigned; they were headed by former President Carlos Lleras Restrepo, whom the administration had charged with the task of coordinating this new group, which was supposed to be suggest ways of bringing peace to the country. This was an unexpected jolt. It was learned that the Executive Branch objected to a draft decree drawn up by the commission, without the consensus of its military members, which reduced and suspended sentences for common criminals. It seemed as if the president's categorical opposition had put off indefinitely an end to martial law.

Naturally, the defense minister played his part in the bitter conflict. Defining the administration's policy in a speech at a banquet for the chief of state, he used strong language in reference to the Peace Commission's proposal, saying that "it wanted to wave a banner of war." Both Liberals and Conservatives were stung by this undeserved criticism, as was Monsignor Rafael Gomez Hoyos, who represented top Church authorities, who to a man had approved the draft vetoed by the administration because it entailed an understanding with M-19.

The defense minister's speech gave the impression that the country was in the midst of a real war in the Putumayo River region, and we were all sad to hear the report of the losses suffered by the Armed Forces. The National Conservative Board of Directors supported the administration's policy in a memorandum that former President Lleras Restrepo described as "antagonistic," and it was also defended in the party's newspapers. Lifting martial law was tantamount to opening the gates of the city to let the barbarian hordes in.

Now then, the problem of bringing real peace to the country has not been resolved, but yet, in a shift of strategy, the president has lifted martial law. The chief of state is looking after his image and does not want to end his term with the country still under martial law. With self-assurance and skill he is reestablishing peace on paper, knowing that any understanding with the armed groups is still unfinished business. At the same time, he is slamming the door on a decree by President Betancur reducing and suspending sentences. The new president will now have to bring the whopping problem of amnesty before Congress.

Be this as it may, the country is hailing the news and hoping that it comes true. Martial law has been extended beyond what is provided



for in Article 121 of the constitution, which stipulates that martial law must be lifted as soon as the abnormal situation that brought it on is over. The government trampled on our constitution by perpetuating martial law because of a strike in the Colombian Social Security Institute in 1976. This unlawful situation had to end.

We have opposed the soon-to-be-revoked Security Statute not so much because of its wording, which eminent jurists have branded as flawed, as because of the anomalies of its application. The Southern Cone's counterinsurgency techniques were transferred to Colombia to carry out mass searches and arrests, along with interrogations using so-called special methods. In short, the normal due process of law stipulated in Section III of the constitution was abolished, and Article 28 of the constitution was a green light for all sorts of human rights abuses.

The government is now in a hurry to lift martial law and bury the Security Statute. The verdicts in the La Picota Penitentiary trial of 217 persons charged with belonging to M-19 are a month ahead of schedule, and many of the rulings will be read as quickly as possible. The order will be to read without pauses and throat clearings. President Betancur will know what to do to straighten out the tangle of conversations with the armed groups, which are inevitable if we want real peace.

So much the better if our normal legal system can be reestablished; we have no objections. The human rights issue is a different matter. We need major social reforms to root out the institutional causes of violence as much as we can, and we can begin by giving land to the peasant farmers and gainful employment to the legions of the jobless in industrial cities like Medellin, Cali and Bogota.

For the time being, we should be pleased with the good news. Let's bid an early farewell to the Security Statute and martial law, wishing them eternal rest. Reestablishing a full-fledged democracy in Colombia is now the urgent task that the country is expecting of President-Elect Betancur.

#### Questions Raised

Bogota EL TIEMPO in Spanish 9 Jun 82 p 4-A

[Andres Holguin commentary: "Reflections on the State of Siege"]

[Text] President Turbay Ayala has announced that martial law will be lifted very soon. Without doubt the entire country was pleased to hear this fine piece of news. This move, which the president made somewhat hastily at the melancholy close of his term, was obviously designed to steal the thunder of the president-elect. The history books will say that the Liberal administration completed its term without martial law and without a Security Statute, in other words, within a framework of institutional normalcy. But future historians will

not forget that this constitutional normalcy came only 1 month before the conclusion of the current presidential term. They will also have to remember that for the last 8 years the Liberal Party has governed under martial law, exacerbated by rampant militarism and by violent repression under the ill-famed Security Statute.

Now that martial law is going to be lifted, the following question comes to everyone's mind: What has changed? What changed so radically that martial law, the ominous emergency regulations, could now be lifted? And then there is this question: Why wasn't it lifted a few months or even a few years ago? The fact is that with very few exceptions, Colombia's government leaders are fascinated with life under the emergency rules of Article 121 of the constitution.

Could it perhaps be argued that presidential elections were held peacefully in May and that this is what prompted the government to return to institutional normalcy? But there were general elections in March too, and they were peaceful, just like others during the past 8 years. The obvious fact is that the two administrations (Lopez's and Turbay's) simply did not want to lift martial law, under pressure, naturally, from the Armed Forces.

But if we objectively analyze the steps that these two administrations took to defeat subversion (assuming that it really has been defeated), especially the decrees issued under the powers granted by Article 121, we cannot see how they facilitated a return to an institutional system. In other words, the effective action that the government has taken it could have taken without upsetting the normal state of affairs and without martial law. The results could have been equally positive with simple police measures, such as the ones that will now be submitted to Congress, it was announced. The conclusion we can draw, strangely enough, is that martial law is of no use here and that having been prolonged for 30 or more years under various administrations, it has created a dismal rut that has really not done anything for peace or security.

Two more issues remain in connection with martial law. They have to do with the Security Statute and military trials of civilians. I do not think that we can assume that these were the two factors that made a return to constitutional normalcy possible. On the contrary, the statute created a system of repression such as the country had never seen, triggered widespread discontent and ill-will and compounded the insecurity caused by subversives, the underworld, kidnapers and holdup men with government-caused insecurity. Beneficial? In no way. Did it foster a return to peace or normalcy? No. It was a millstone and a blot. And what about the military trials of civilians? They are not permissible either during peacetime or if they constitute a breach of the peace, according to the very clear wording of Article 170 of the constitution. Martial law has been the traditional legal pretext for these unjustified trials. But the constitutional problem is superseded by this practical question. Did these trials assure peace or tranquillity

or did they, in fact, make possible a return to our normal system? I do not think so. These trials shattered the institutional order, have caused the country to mistrust its regular judges and have allowed the Executive Branch to appoint judges, which is truly absurd for any moderately civilized country. And were they, when all is said and done, positive, beneficial? No. They were not even effective, because some military trials have taken longer than any regular trial, like the one that has just concluded...after 2½ years. Military justice is not even prompt.

The lesson for the country and for future government leaders is very clear. Martial law is purposeless, it is of no use, it provides no solution to any of the country's problems. On the contrary, it makes them worse. The decrees issued under Article 121 are not effective in the long run either. Emergency measures (martial law, Security Statute, military trials of civilians) corrupt a nation and undermine its institutions without accomplishing anything positive.

Therefore, what the country needs to do, right now or soon, is to reestablish its normal institutional system and leave Article 121 as it stands in the constitution (distortions or abuses of the article are another matter entirely), in other words, for instances of domestic unrest or foreign war. These are the only two cases, well-defined and restricted, in which the Colombian Constitution empowers the government to declare a breach of the peace and to impose martial law throughout the republic or in a section of it (such as the arrest of President Lopez Pumarejo in Pasto or the outbreak of World War II; anything else would be a pretext). And such emergency situations should be suspended as soon as the domestic unrest has quieted or the war is over.

#### Galan: Possibility of Demagogy

Bogota EL ESPECTADOR in Spanish 9 Jun 82 p 9-A

[Text] The New Liberalism yesterday outlined its plan of action for the upcoming months and announced that it would continue to struggle in Congress, in departmental assemblies and in city councils for a democratic renewal, without being party to bureaucratic agreements or to anything else that would prolong or duplicate political methods that the people voted down at the recent elections.

Dr Luis Carlos Galan read the following document yesterday at noon in the National Capitol during the caucus of New Liberalism legislators:

In inaugurating the first caucus of legislators representing New Liberalism and the other Liberal sectors that supported my presidential candidacy on 30 May, I would like to warmly welcome all of the leaders and members of the movement and express to them my profound appreciation for their generous, effective and loyal efforts, which have enabled us to put together a renovating political force backed now by almost 800,000 citizens and with bright prospects for growth in the near future.

I would like to summarize for you some of my thoughts about the new political era. The outcome of the 30 May election marked the end of the patronage practices that had turned the administration of government into a sordid distribution of bureaucratic posts among the main groups represented in Congress. The nation has expressed its deep-seated desire for change and has chosen one of the alternatives that pledged to stop the practices pursued by the last few administrations. If on 7 August another administration emerges from bureaucratic deals and pacts, if fiscal power is not reformed and if the television privileges survive, then the ambitions of the people will have been frustrated and it will be obvious that in its views and approaches the new administration is upholding the status quo, which was defeated at the polls. Therefore, the New Liberalism will not be party to bureaucratic pacts or to anything else that would prolong or duplicate the political methods that the people voted down.

A new era in national politics has begun. The people can sense it, and the country needs it. In the course of upcoming events those of us who are struggling for a renewal of democracy in Colombia will have many opportunities to promote the country's political modernization. To this end, we are going to continue reorganizing the grassroots rank-and-file and to pave the way to push in Congress, in assemblies and in city councils for the points that we brought before the public during the recent election campaign. It would be a good idea at this point to recall what this program consists of:

1. Secure peace, lift martial law and see to it that the groups that are now engaged in subversion return to normal political channels.
2. Build a true democracy. Guarantee human rights. Create a political awareness that will enable the people to have input in running the country. Guarantee the rights of the opposition and freedom of information.
3. Defend national sovereignty and pursue a foreign policy that will secure a worthy role for Colombia in Latin America and the world.
4. Secure the independence of the three branches of government. Modernize the tools of the Judiciary to make the courts streamlined and effective. Overhaul Congress and state-run corporations.
5. Eradicate poverty by organizing the government's social welfare services so that they help the most vulnerable segments of the population, especially children and the elderly, peasant farmers and Indians, the jobless and retired individuals. Foster preventive medicine, recreation and sports.
6. Establish a national educational program calling for 9 years of mandatory and free basic schooling for all Colombians and develop a program to strengthen our people's cultural identity so that they are aware of their history and basic values.

7. Organize the jurisdiction of the family, with an eye towards its protection and unity, to give it back its vital function at the core of our society. Guarantee equal rights for women.

8. Establish an economic development model that acknowledges the primacy of the energy sector, that will guarantee the profitability of farm, industrial and mining production, that will achieve full employment and that will modernize the systems for marketing goods and services.

9. Correct the unjust concentration of wealth by reorganizing the financial sector, setting equitable interest rates and democratizing credit. Achieve a real redistribution of income by boosting real wages and instituting a just tax system.

10. Orient the country's physical and social infrastructure to secure the most appropriate distribution of the population, bearing in mind the characteristics and economic potential of Colombia's major regions. Guarantee the right to decent housing and basic public utilities at fair rates.

11. Update the government's administrative apparatus, establish a civil service career and redefine the functions of the various territorial entities to achieve true decentralization. Eradicate corruption, mediocrity and patronage.

12. Review the contracts with transnational corporations so that our natural resources are developed in a way that benefits the country's economy and furthers the well-being of its inhabitants.

Everything that promotes the goals of this program will have our backing, and of course, everything that runs counter to them will be opposed by those of us who were elected by a people that wants substantive, lasting change. In pursuing this program, we should attach particular importance to the following:

#### 1. Peace

The current administration has decided to lift martial law in the next few days. The underlying reasons for this decision by a government that enforced martial law for 47 of its 48 months with repressive approaches and tools, will come to light only when the next president informs the country about the public order situation that he will inherit from his predecessor. In the wake of events in May and after the suggestions proposed by the Peace Commission were turned down, there can be only two reasons for lifting martial law and revoking the Security Statute. Either the outcome of the elections eliminated our public order problems, or the current administration has the demagogic intention of concluding its term within a legal framework other than martial law without securing true public order normalcy in the country. All indications are that the current administration has resorted to a unilateral move, a few short days before those close of its term, for reasons of political

image, not because the nation has achieved an authentic and just peace on the various fronts on which guerrilla groups have been operating. This administration is thus keeping alive the seed of serious problems that cannot be resolved by simply lifting martial law but that could have been overcome under the prescriptions proposed by the Peace Commission, which called for a lifting of martial law after the groups that have taken up arms were given an opportunity to return to normal political life. We can expect that peace will continue to be an issue of major concern for the administration and for Congress in upcoming legislative sessions. Therefore, it is and will be our duty to monitor all of the political, legal, economic and social factors involved in eliminating the real causes of violence in Colombia. In addition, every effort should be made to bolster police and investigative agencies so that they can better combat the common criminals plaguing many of the country's urban and rural areas today.

## 2. Struggle Against Poverty and Unemployment

The poverty and unemployment besetting vast segments of the population are two of the leading causes of violence and insecurity. If we adopt a progressive and earnest social policy, the government has enough money and tools to improve the living conditions of the weakest segments of the population (peasant farmers, retired workers, the malnourished, homeless children, the unemployed etc). A rectification of the economic policies pursued by the last two administrations, a reorganization of government services to help the underprivileged segments of society and the reestablishment of public assistance for the needy will, of course, have the support of New Liberalism in the halls of Congress and other government bodies.

## 3. Democratization of Property

The New Liberalism will promote and back proposals to help democratize property, which specifically hinges on a modernization of the farm sector; a reform of the ownership system on large landed estates; reform of land use in urban areas; the updating of tax regulations and a new system of controls over large financial conglomerates, including ceilings on investments, stipulating conflicts of interest and an overall reform of the financial sector.

## 4. Congress and the Electoral System

As several of us senators argued during debate on the 1979 constitutional reform, we must oppose the formulation of Congress's budget by the leadership committees of the two houses. The Congress's new leaders must respect the views that the Council of State has expressed on several occasions with regard to this point. We must also reorganize Congress's information services and regulate television coverage of Senate and House activities so that all of the political factions in Congress can express their true views in an objective light. We must also prepare



for the work that awaits us in the upcoming legislatures in connection with reforming the electoral system and finding proper financing for the National Civil Status Registry so that the facilities it needs to do its important job are complete and up-to-date.

There will be no truly free elections in Colombia as long as television news and discussion programs are presented with the same patronage-dominated and discriminatory approaches that have been followed in the most recent bids for TV spots. Any bills and other government measures to modify the current system of news privileges on television and radio will have the support of the political sectors that we represent, because we all know that this is a fundamental issue for the modernization of Colombian politics and is one of our most important democratic needs.

The upcoming sessions of Congress will surely debate the grave fiscal crisis that will condition any major physical and social investments that the government might undertake. In this regard, the task of our congressional faction will be to analyze not only the causes and impact of this fiscal turmoil but also the measures that the new administration may adopt. In any event, we must monitor the formulation of future budgets and demand explanations of both government spending policy and of the economic impact of the national budget on such important areas as employment and the recovery of production sectors, especially industry and farming.

#### 5. The Comptroller's Office and the Attorney General's Office

As we said in the document that 1 year ago kicked off New Liberalism's national campaign, we must set up true administrative controls in Colombia, because they are indispensable instruments for securing efficiency in both the regular and decentralized administration. In addition, we must urgently emphasize efficiency and ethics in the Comptroller General's Office, while its auditing and review functions are being reformed to correct the current mechanisms, which have been overwhelmed by cheap politics and the system of personal favors that influences the election of the comptroller in the House of Representatives, giving rise to the overblown bureaucracy that swells the ranks of patronage.

The Comptroller's Office and the Attorney General's Office perform monitoring functions without which we cannot effectively assure balance among the branches of government. Although I know quite well that our congressional group has a very clear idea of the importance of these two agencies of Congress, I feel that now is the proper time to reaffirm the vital importance of a vigorous and effective overhaul of these agencies as a starting point that will underscore the sweeping nature of the changes that must take place in national politics.

#### 6. Justice

Efforts must continue over the next 4 years to provide the Judiciary with the independence that the National Constitution stipulates. It

will be our duty to follow the approaches set forth in the document that outlined the programs of the New Liberalism on 2 June 1981. In other words, we must cooperate in democratic debate on reforms of the various legislative codes and organizational systems. We must make sure that judges, magistrates, state counsels, universities, academies of jurisprudence and bar associations take part in legislative debates, so that the needs and experiences of both those who render verdicts and those engaged in litigation are represented in legislation consistent with the times. We must underscore the obligation of meeting procedural deadlines and the consequences of not meeting them. We must correct the flaws in the system of electing judges and magistrates, flaws that have again paralyzed the administration of justice. We must support careers in law and promote better training for attorneys.

#### 7. The Administration and Citizens

The battle against patronage will be successful only if the system of civil service and service in government-run agencies is reorganized so that the best-qualified workers have stable jobs. We must see to it that a career in public service is determined by aptitude and merit, not by the connections that an individual might have developed with the dominant political force, as has been the case under recent administrations with congressmen, deputies and councilmen. Not only is it important to enforce the constitutional provisions on careers in government, but government procedures should be established that will enable citizens to be certain of their rights and obligations vis-a-vis government.

#### 8. Foreign Policy

Developing a new foreign policy is one of the changes that is of the most concern to the grassroots sectors that have chosen us as their representatives. In order for such a policy to be democratic and effective, it must be formulated and conducted with true input from the various political sectors, in accordance with the views that have historically brought Colombians together on key foreign policy issues. We would hope that the Foreign Relations Advisory Committee can once again become an effective forum for examining the key points in a new Colombian foreign policy.

#### 9. Mining, Energy and Relations with Transnational Corporations

At the threshold of a new era in mining and of sizable investments aimed at energy and physical infrastructure modernization, it is very important to examine all of the government contracts and decisions connected with these areas. The experience of the last 6 years indicates the extremely high price that the national economy has to pay when such projects are delayed, and the debates on oil and coal have also demonstrated that these issues entail enormous sums that belong to the nation's patrimony and that are often manipulated behind the back of Congress and public opinion, as happened during the first 4 years



of the El Cerrejon mines contract and as happened under the hydrocarbons exploration and development agreements.

All of these issues and any others that might come up during today's Congressional caucus or during future periodic caucuses constitute the basic planks of our political faction's legislative platform and the fundamental concerns of the activities we will undertake in the Senate and the House.

This meeting seeks to introduce a streamlined and democratic working system so that we lawmakers in this political faction can coordinate our efforts and undertake a mission of renewal in Congress, based on the aspirations of the hundreds of thousands of Colombians who elected us to represent them. We will draw up bills and legislative acts; we will examine the bills submitted by the administration and by other political factions, and we will express our views on the acts and programs of the new administration, supporting everything that is consistent with the interests of the people and speaking out against and opposing everything that runs counter to the nation's rights and aspirations.

I acknowledge the new administration's right to chart the policies and initiatives that will set the government's course over the years to come, but I think that we have a duty to periodically pass judgment independently on what the government does, with our thoughts always focused on the highest interests of the Colombian people.

Within this framework, in other words, in a constructive dialogue with the administration, with the other Liberal factions and with leftwing groups regarding the major national issues that I have just outlined, we must help to create a new climate in national politics that will overcome the patronage mentality and bureaucratic wheeling and dealing that predominated in government until 30 May.

With regard to Liberalism, I feel that it is undergoing a process of renewal that cannot be completed in just one or two election campaigns. We have laid the groundwork for a progressive movement that will modernize not only Liberal politics but Colombian politics as a whole. The people will evaluate how we do. Today, with the instruments, the experience and the political backing that we received at the polls in March and May, we are beginning another stage in the complex and exhilarating task of renewing and building democracy in Colombia.

Lleras Restrepo Editorial

Bogota EL TIEMPO in Spanish 13 Jun 82 pp 1-A, 9-A

[Text] Former President Carlos Lleras Restrepo has expressed his satisfaction over the announcement that martial lift would be lifted and the Security Statute repealed. He also called on those who have taken up arms to put them down and allow the new administration to carry out the "program of social justice" that it has offered the Colombian people.

The following is the text of Carlos Lleras's editorial, which he titled "An Indispensable Explanation":

Now that the country has with great satisfaction seen a civilized election campaign and as it is looking forward to a more upright administration that is more devoted to achieving a just society, it is not pleasant to have to say something that might cause controversy. The conduct of the president of the republic forces me to do so, however. In responding to the resignations that we, the members of the Peace Commission who did not hold official posts, handed in, he did in fact acknowledge the patriotism, disinterest and dedication with which we went about the task that he was kind enough to entrust to us. After this acknowledgement, however, there have been several developments that oblige me to give some explanations and, above all, to voice a respectful protest.

Gen Camacho Leyva delivered a speech at the banquet that the Armed Forces offered the president of the republic. An editorial in EL ESPECTADOR described as "insolent" a remark that the minister made with regard to me. I would say, speaking in kinder terms, that it was unnecessary and disrespectful. The minister-general asserted that I "was a little bit behind the times" in the science of criminal law, knowing that I sought advice from attorneys who are experts in this field, which is certainly not my specialty. I think, furthermore, that after occupying myself in legal matters for 58 years, as a student, professor, author of major bills and decrees and legislator, I at least possess sound legal judgment and know how to interpret the provisions of the National Constitution and our codes. General Camacho stubbornly contended that amnesties and pardons cannot be the object of martial law decrees. The Supreme Court did not uphold his theory. In any case, however, the point is not whether the general is more of an expert in the science of law than in commanding military forces or whether he knows more about law than I do. The point is whether his derogatory reference to a former president of the republic under whom he served was acceptable and in good taste. I have already stated what I think of his remarks. What remains to be clarified is the attitude of the president of the republic.

He must have seen the minister's speech in advance. Out of elementary deference, he should have asked him to refrain from referring to me in the manner that he did. My loyal and self-sacrificing efforts, to which all of the members of the commission can attest, should not have been rewarded with the crude remarks of his subordinate. Therefore, I wonder whether General Camacho has too much power or whether the president shares the minister's opinion. As far as I know, Mr Turbay did not attend law school, which is too bad, because he has a sharp mind and would surely have assimilated the science of law with the same facility with which he assimilated and, in fact, perfected empirical politics. In any event, I feel that his behavior towards me was not proper. Overcoming our longstanding differences, we had spoken cordially several times during the time that the Peace Commission was functioning,

and he was able to see for himself not only my disinterested desire to serve but also my discretion. He should not have allowed his minister to show me disrespect, and I feel that my status as a former president of the republic obliges me to state this openly.

#### A Second Instance of Unfairness

In making it known that the government intends to lift martial law and repeal the Security Statute, Mr Turbay asserted that peace had now been restored by the Armed Forces and that it was thus clear that this step could be taken without sacrificing guiding principles of law. All of the people with whom I have had the chance to discuss the president's speech have construed his words as a rejection of the prescriptions that we civilian members of the Peace Commission proposed, practically as a censure of our conduct. This was not fair of the president, and I am thus obliged to further explain the actions of the commission and the suggestions for peace that it proposed. At the same time, I must also comment on the announced lifting of martial law.

#### The Government's Previous Position

The president's action entitles me to tell the country that from the time that the commission began its work, Mr Turbay voiced to me his concern that people would think that making peace would deprive Dr Lopez Michelsen of one of his banners in the election campaign. I did not feel that the president's fear was justified and I told him that, on the contrary, I felt that it would be useful for Mr Lopez, though he might not agree, to inherit a country at peace, if in fact he achieved victory at the ballot box. This is not the time to delve into the reasons for what I said. However, although as everyone knows, I opposed Mr Lopez's candidacy, I did not want his solemn promise to achieve peace by negotiating with the armed groups, after acquiring artillery helicopters to bolster the Armed Forces, to cause him problems like the ones I had to carefully cope with in the commission. My opposition to Lopez was subordinated, on this as on other occasions, to the higher public good. It did strike me as odd, though, that 24 hours after Dr Betancur's victory was made public and with only minor fighting having taken place, on a smaller scale than in previous periods, President Turbay proclaimed that peace had been achieved and announced that martial law would be lifted. I can only tie this announcement in with the unfounded political fears that he voiced to me at the outset of the commission's work.

Now then, the commission did its work with several solemn presidential statements in mind. In a television address, Mr Turbay expressed definite opposition to having the trials currently under way transferred to the regular system of justice, which would have to happen if martial law were lifted. He cited several reasons, among them that this would be tantamount to establishing impunity because civilian judges could

be easily intimidated. Some members of the Peace Commission also expressed this view in opposing certain proposals that I and my legal advisers had prepared on jurisdiction in pending trials.

The president also cautioned us many times that the provisions issued against the drug traffickers were set forth in the decrees enacted pursuant to the powers conferred on the chief executive by Article 121 of the National Constitution and that if the public order were declared reestablished, they would collapse. According to him, it was essential to first replace them with a law. Basing myself on the president's remarks, I explained the problem to the nation. And then suddenly it was no longer important.

In any event, the commission did its work on the basis of certain government statements, and I sensibly stated, in explaining our efforts, that lifting martial law, which the armed groups had persistently called for, must be a consequence of reestablishing peace, not a condition for negotiating a peace. Immediately after the election, which the "peace candidate" did not win, and without any public statement by the subversive movements, the government declared that peace has been restored and offered to lift martial law, though taking the time needed to hand down sentences in the so-called "trial of the century." Celebration is in order if peace has arrived. Paradoxically, its advent coincides with the triumph of Dr Betancur and with the defeat of the man who had pledged to achieve it. It seems that President Turbey wanted to highlight this. Politics is strange indeed!

#### Atrocities

Mr Turbay and the general who is soon going to exchange his epauletts for diplomatic garb can rest assured that all of the members of the Peace Commission condemn the so-called "atrocities," regardless of who commits them, of course. In my presence the president heard a very reliable source tell of some of them, but I do not know whether the pertinent investigations are under way. With regard to the ones committed by the subversive movements, I will explain, once again, that the suggestions put forth by the majority on the Peace Commission did not mean that individuals would be acquitted of the crimes of homicide outside of combat, kidnaping or extortion. If our suggestion had been accepted, suspects would have been put on trial but not held in prison. If they were found guilty, they would be given suspended sentences, in other words, they would be released, but subject to certain strict conditions. By lifting martial law without handing down any further sentence, the government cannot initiate such judicial proceedings.

#### The "Trial of the Century"

I must confess that if I had been one of the members of the military tribunal that has just handed down sentences in the so-called "trial of the century," I would have been troubled by serious doubts. How could the crimes under consideration in the trial be associated with

each and every one of the many defendants? How could the evidence and arguments for and against each of the defendants be kept in mind over a period of many months? In any event, now that martial law is going to be lifted, the appeals are going to be heard by the regular courts. In other words, what the president considered ruinous and impossible in one of his speeches, is going to happen in the case of second hearings. I have no objections to this. On the contrary, I think that it is very necessary for civilian judges to review what was done in the "trial of the century," in which the officers who handed down the verdicts suffered punishments at least as severe as the ones they decreed for the subversives. I admire those officers not only for their self-sacrificing patience but also for their retentive memories and their ability to discern between beneficial and adverse evidence with respect to the many individuals standing trial. And I understand perfectly why the new draft of the Military Criminal Justice Code, if what I have been told is true, states that military tribunals cannot try crimes committed by civilians. The government and the representatives of the Armed Forces are right when they say that they did not ask for this jurisdiction, from which they now wish to be released. They now have the opportunity to do so and they are going to take advantage of it.

#### Martial Law

Like the great majority of Colombians, I was supremely pleased to hear the announcement that martial law would be lifted and the Security Statute, under which so many abuses have been committed, would be repealed. And at the same time as I call on those who have taken up arms to put them down and allow the new administration to carry out the program of social justice that it has offered the Colombian people, I would like to say that it is not true that all former presidents always governed under martial law. The only one who has governed under such circumstances has been President Turbay. As far as my presidency was concerned, I did everything I could to remove the conditions that I inherited upon taking office and that necessitated the maintenance of this abnormal situation. I removed a good many of them, and when I once again had to impose martial law, I lifted it as soon as the unrest ceased. I feel I must address this issue because the newspapers have engaged in generalizations that are not strictly in keeping with the truth.

I could say a great deal about this issue, but I do not want to tire my readers with what could be a lengthy list of government actions and decisions.

My desire, my fervent desire is that President Turbay's assertion that the latest Armed Forces actions and the 800-odd years of prison sentences have achieved peace turns out to be true. It will be up to the new administration to steadily eliminate the causes of discontent and rebellion, in other words, unemployment, concentrations of power, poverty, abuses of the poorer segments of the Colombian people and human rights violations.

I felt that the explanations I have given in this article were essential, but, I repeat, I do not want any of my words or actions to disturb the climate of hope that has miraculously been created in the country since the election results became known. I could not care less about the barbs that desperate Lopez backers or poor ignorant individuals are hurling at me, because from all over the country I am hearing voices of encouragement and solidarity. Free from all commitments, because I do not even have any with Dr Luis Carlos Galan, I will continue to speak my mind on national politics and problems. I have a feeling of optimism, which I hope is not dashed, and by remaining outside all factions, I am thinking only about the future of my party as an instrument of social justice and about the future of Colombia, particularly the future of "Colombia's poor," to use the same emotional words as Dr Betancur.

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CSO: 3010/1725



## READERS COMMENT ON FALKLANDS ISSUE

Bogota EL TIEMPO in Spanish 15 May 82 p 5-A

[From "Clock" Column by Daniel Samper Pizano: "Let the People Speak"]

[Excerpt] Congratulations on your article about Colombia and the Malvinas. You can't go outside without realizing that this article expresses the true feeling of the Colombian people. Our foreign minister's attitude is really inexplicable, especially because of the great blemish it has left on Latin American solidarity. I don't know Lemos Simmonds, but I have a fairly good idea of the sort of person he is and where he stands. What happened? The government owes us an explanation, for we see our people going around stunned and saddened because of this humiliation which the powerful nations want to inflict on a fraternal nation.

[signed] Hector Garcia Romero, Cartagena

Colombia's position on the problem between Great Britain and Argentina has aroused more reactions in opposition than in support of our country. But the Colombian decision is not only correct, it is also a wise decision, the product of a mind using its full powers, and not an emotional reaction as some have charged, as was the Argentine Government's decision to invade the Malvinas. We can not happily applaud this aggression against a nation friendly to Colombia. This isn't a matter of supporting the Argentine people, as our politicians have said without thinking about what they were saying. The Argentine people were not consulted about whether or not they should attack the defenseless inhabitants of the islands. The decision to invade them was made by the Argentine dictator who was trying to hang on to power... It is only too well known that dictators have committed all sorts of atrocities in order to remain strong

or famous... Upon his return from Washington, the foreign minister said that time will prove us to be right. That is true, for the good of Colombia.

[Signed] Jose Reina Alonso, Villavicencio

It is obvious that in the case of the Malvinas, a spirit of servility to the Yankee boss prevailed over solidarity with a fraternal people. That is the real heart of the matter.

[Signed] Eduardo Saavedra, Bogota

With the backing of a certain number of countries, the United Nations could declare the Malvinas a free country with its own government, such as other places have. Then both the English and Argentines could visit, equipped with passports, sunglasses, and sportsclothes.

[Signed] Fernando Robayo, Bogota

The laws of mathematics are being forgotten. Our foreign minister Lemos did win a great triumph at the OAS meeting, according to the law that says that the sum is greater than its parts.

[Signed] A. Huertas Forero, Bogota

The Government of Israel decides to annex land belonging to another country with the intention of not returning it. The UN Security Council meets and orders Israel to return the Golan Heights to Syria. But the United States blocks this action, using its veto, and the correct, legal, and just decision is defeated. Now Argentina recovers what was its own when it was first created as an independent nation. And the boss of the world says that the Security Council's decision is correct and must be obeyed, that everyone must join forces with England to crush Argentina. When dealing with Israel, which took what did not belong to it, the law is not applied. But when dealing with Argentina, it is. What kind of world are we living in?

[Signed] Pedro Pablo Posada, Santa Rosa da Cabal

The Government of Colombia has stated that it does not agree with the use of force in violation of law and justice. If this



government were to act logically, it would have to defend our native communities, which were plundered by force, without respect for the native peoples' right to their lands, by colonists, greedy landowners, criminals, and members of the forces of law and order. If the government did so, it would be acting in harmony with the fine words it pronounces outside the country.

[Signed] Enrique Rodriguez Latorre, Facatativa

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CSO: 3010/1597

## PILOTS WARN OF ARMS ENTERING THROUGH SAN ANDRES

Bogota EL TIEMPO in Spanish 17 Apr 82 p 13-A

[Text] The ACDAC [Colombian Civilian Pilots Association] has issued a warning about the lack of surveillance of cargo coming from San Andres, reporting the possible entry of arms into South America from the island, under apparently normal conditions.

The ACDAC security committee at a recent meeting studied airport security at Colombia's airports and made it clear that if the appropriate authorities and Civil Aviation officials do not solve the problems caused by this lack of vigilance and inspection, the ACDAC will act on its own to take appropriate security measures.

During the meeting there was a full discussion of these reports of illegal arms shipments, possibly coming from Nicaragua, which enter Colombia by air from San Andres.

This conclusion was reached after careful investigations made by ACDAC members; the information will be turned over to the military authorities.

The frequent stopovers on the island by the airlines operating this route have some serious implications for this possible arms traffic. According to the pilots' reports, most of the flights leaving San Andres and going to the interior are made at night. The Sesquicentenario Airport does not have adequate lighting on the runways or the surrounding area, so cargo is handled in complete darkness. A number of the airlines, said a reliable source, use third parties, contractors, to handle ground services at this airport. So it is assumed that these are the people who transfer unregistered illegal cargo to and from the planes.

Because of this situation, when the users go to board the plane, the baggage areas are already filled, and so other items have to remain on the island.

It was made clear that the airlines are not to blame for this, but rather that it is the fault of the authorities, since any cargo being placed on board passenger planes should be declared and inspected.

This situation, the result of lack of vigilance, has on a number of occasions endangered the passengers, especially on flights to Pereira.

The ACDAC feels that it is impossible that Colombia should fail to enforce these minimum requirements of vigilance and inspection at its national airports; excessive weight in the plane completely unbalances the plane, and on some occasions the pilots have had to take extreme measures in order to avert a disaster.

These comments were made after the IFALPA [International Federation of Airline Pilots Associations] criticized the handling of the hijacking of an Aerotal plane last January.

On 20 March, during the annual IFALPA meeting held in Lisbon, the following statement was released:

"With reference to the hijacking of the Boeing 727 of the Colombian airline, Aerotal, on 27 January 1982, IFALPA has been reviewing the circumstances surrounding this incident and the armed intervention which was carried out by the Colombian authorities, which caused so much damage that the plane could not be repaired, and severely endangered the lives of the passengers and crew."

"While IFALPA's policies do accept the use of armed intervention, they do specifically require that such intervention be undertaken only after all other peaceful means of terminating the hijacking have failed, and then, that it only be handled by law enforcement or military personnel who have been specially trained for that purpose. It is also quite clear that there was no attempt made to determine the operational needs of the pilot on board, or his wishes about an armed intervention."

"The IFALPA deplores and firmly rejects the action taken by the Colombian authorities, considering this action irresponsible and a serious threat to innocent lives."

The ACDAC further indicated that, according to the security regulations adopted by the authorities about inspections and surveillance, the pilots may refuse to allow on board any person bearing arms, even if that person is a member of the armed forces or has a special pass. Carrying arms on board planes is totally illegal.

#### Backing for Civil Aviation

In the meanwhile, the Colombian Association of Flight Engineers, headed by Federico Perez, supported the Civil Aviation authority about the fines it has imposed recently on crew members and airlines for irregularities and noncompliance with the regulations of the Aviation Manual.

These fines, which go up to the amount of 10 million pesos, were imposed by the Civil Aviation Security Council in order to control assignment times and flight hours of both personnel and equipment, in order to give the users greater safety.

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CSO: 3010/1597

## ANDI WORRIED BY LARGE FOOD IMPORTS

Bogota EL TIEMPO in Spanish 26 Apr 82 p 1-F

[Text] The ANDI [National Industrialists Association] has criticized a "highly disturbing situation" in the food industry, caused by fluctuating agricultural production, the system of allowing unrestricted imports of these products, and the unequal state control exercised over national and foreign products and smuggled goods.

Imports of food and agricultural products have risen from \$222 million in 1974, to \$552,200,000 in 1980 (over 33 billion pesos), a level which the ANDI economists feel is "scandalous" in an agricultural country.

Spokespersons from ANDI's fruit and vegetable canning board said that the situation is truly "disturbing" because of the lack of coordination between government organizations (the Ministries of Agriculture and Economic Development) about assuming responsibility for the Colombian food industry.

For the first time in history the behavior of this item showed a negative growth index, worsened by the growth in imports and smuggled goods which have invaded the market and shoved aside Colombian products.

The agricultural sector, the main source of raw materials for this industry, the processing of these items, and sales at different levels of the industry, together generate 38 percent of the PIB [Gross Domestic Product].

This source revealed that the freeze on working capital imposed on these industries by the Ministry of Economic Development has reduced the liquidity of small and medium businesses and has practically forced them out of the market. This freeze is lasting longer than the time stipulated because of the continuing fiscal deficit which, they said, "never seems to be turning around."

The situation of the fishing industry was described as "unusual," as imports rose from \$41 million in 1978 to over \$64 million in 1980. This increase was caused by an unfortunate interpretation of the Andean Pact, which has given Peru and Ecuador the entire market for the subregion.

The specialists consulted, Absalon Machado and Juan Manuel Castells, explained that a country with such great fishing resources can saturate markets such as Barranquilla or Bogota with frozen products from Peru, while at the same time Japanese, Norwegian, and other foreign fleets come to our waters to fish.

#### On the Increase

Colombian imports of canned vegetable products (olives, capers, asparagus, mushrooms, jam, fruit juice, and others) between 1979 and 1980 increased by over \$1 million, rising from \$3,215 to \$4,302.

Statistics from the DANE [National Administrative Department of Statistics], quoted by the ANDI officials, reveal that Colombian exports of canned vegetable products, whose strong point was mango jams and marmalades and fruit juices, did not maintain the same volume. In 1 year these exports dropped by almost \$40,000.

Meat imports show some disconcerting trends; while in 1979 18,000 kilos of chicken were imported for a cost of \$29,979, in 1980 240,000 kilos were imported, at a cost of \$285,000.

During these years, the total meat imports (meats, sausages, ham, and others) increased from \$204,000 to almost \$500,000. A similar situation occurred with imports of milk and dairy products, which from \$11 million in 1979, rose to approximately \$36 million in 1980.

In 1979 the Colombian food industries spent 65 percent of their earnings on raw materials, packaging, and business expenses. Last year this figure was 79 percent. This means that the value added declined by 14 percent, from 35 pesos of every 100 in 1979, to only 21 pesos per 100 last year.

At the same time, while interests and bank charges in 1979 were 8 percent, in 1981 this item rose to 16 percent. During the same period the earnings paid to stockholders declined from 13 pesos per 100 to only 8 pesos per 100. This means that the banks got 2 pesos for every 1 peso which was paid to stockholders.

The raw materials which the food industry now processes are several times more expensive in Colombia than in other countries, as the following chart indicates.

	1	2	1:2
	IDEMA* support or purchase price in Dec 81 (Colombian pesos per ton)	Prices paid to U.S. farmers at Dec 81 (exchange rates (per ton)	
Barley	16,800	7,728	2.2
Rice	16,200	11,859	1.4
Corn	17,000	5,251	3.2
Soy	27,600	12,862	2.1
Wheat	19,000	8,378	2.3

\*Agricultural and Livestock Marketing Institute.

Delegates from a number of food and canning industries of the nation criticized the discriminatory treatment which the government gives Colombian products. They mentioned the fact that many products processed in other countries now fill the shelves in Colombian markets, without any concern being shown on the part of the Colombian officials who are responsible for controlling such products.

The current legislation for the control of packaging and labels "is a dead letter" when applied to imported or smuggled products, these sources claimed. The Ministry of Health inspectors spend the entire budget on checking three or four wealthy Colombian firms.

In closing, they urged Colombian consumers to buy national products, and explained the risk to human health in buying too many products that do not comply with current legislation; often labels with new expiration dates are placed on these imports, and this is something that is impossible to control.

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## RAMIREZ DELIVERS KEYNOTE SPEECH TO ANAP CONGRESS

Havana GRANMA in Spanish 17 May 82 pp 2-3

[Speech by Jose Ramirez Cruz on the occasion of the inauguration of the Sixth ANAP Congress; date and place not specified]

[Text] Comrade Fidel,  
Comrades of the Politburo, the Secretariat and the Central Committee,  
Distinguished Foreign Delegations who honor us with your presence,  
Comrade Delegates and Guests,

In inaugurating the proceedings of this Sixth Farmers' Congress, we recall with profound emotion that genuinely stellar moment when the Agrarian Reform Law, by virtue of which our country initiated the most profound and radical agrarian transformation ever effected in Latin America, was proclaimed. Agrarian reform was the most decisive of the first measures adopted by the revolutionary government. It constituted the act that broke the back of the oligarchy and stirred up the hatred of the bourgeoisie and the imperialists. As has been said: Agrarian reform was the Rubicon of the revolution.

The best dreams of the rural fighters, among whom are prominent such beloved and symbolic figures as Lino Alvarez, Niceto Perez Garcia, Sabino Pupo, Gabriel Valiente, Romarico Cordero, Miguel Angel Betancourt, Antero Regalado, Domingo Hernandez and many others whom this congress renders its sincerest homage, were realized in this achievement.

With the First Agrarian Reform Law, the land, promised as many times as it was denied, passed permanently into the hands of the working and rural population. The engineer of that historic repossession, who was and also is the chief incentive for progress in rural Cuba, went to La Plata 23 years ago to authenticate this achievement by means of an extraordinarily symbolic act, he who is now, with the most legitimate of rights and to the satisfaction of all Cuban farmers and all the delegates, presiding over our congress. There can be no doubt that we are referring to our beloved commander in chief, Comrade Fidel.

We take advantage of this opportunity to offer the warmest of welcomes to the foreign delegations that are here with us. Their presence is stimulating for us, encourages us and obliges us to continue along the path we have set out on



toward the economic and social progress of our country. To all of you we extend our gratitude and the greetings of the delegates to this Sixth National Association of Small Farmers (ANAP) Congress and of Cuban farmers in general.

Now, when we are separated from the 17 May, Farmers' Day, by only hours. With the unflagging determination to win out, linked more closely than ever with our brother workers, along with the party and Fidel Cuban farmers, so worthily represented at this event, will gratefully remember the extraordinary historic and revolutionary events that converge on this day as eloquent symbols of the heroic struggles our rural people have faced over the years to gain their full liberation. I refer to the now-redeemed sacrifice made by the martyr, Niceto Perez, vilely assassinated in 1946, to the signing of the First Agrarian Reform Law in La Plata in 1959 and to the establishment of the ANAP in 1961.

With profound love for our creative workers and the fatherland and aware of the great responsibilities the building of a socialist society impose on all of us, we meet here to discuss the tasks of a 5-year period in our farm sector in which we have accumulated experiences and achievements in our effort to promote the integration of rural families into superior production methods and social coexistence.

In compliance with the resolutions of its Fifth Congress, the ANAP has developed a patient and systematic effort among our farmers for the purpose of integrating them into socialist methods of production.

At the present time the ANAP has 2,181 Credit and Services Cooperatives, 1,222 Agricultural and Livestock Production Cooperatives (CPA) and 294 Farmers' Associations which, taken together, number 193,756 members.

During this period there have been many examples of the political and ideological level of development attained by our farmers, expressed in their firm and indestructible alliance with the working class, in their readiness to defend the gains of socialism, in their participation in internationalist missions and in the steadily rising increase in active membership in the party and the Union of Young Communists (UJC) in this sector.

Meetings for the purpose of reviewing the balance sheet, renovation and/or the ratification of mandates, at which the 32,344 members of the boards of directors were elected, were conducted with the 100-percent attendance of 87 percent of the members. This constitutes a qualitative jump in the strengthening of the organization.

The internal life of the organization has been oriented toward implementation of the guidelines for the organizational effort approved by the previous congress and the ANAP National Committee. During the 5-year period over 99 percent of the rank-and-file, municipal and provincial assemblies and meetings were conducted with attendances ranging from 79 to 99 percent. We have made progress in preparing for them, although some deficiencies do persist which we must eliminate.

Of all the activities engaged in by the ANAP during the period we are examining, we must, among others, point out the effort developed in support of the organs of the People's Government. Farm-sector representation in these organs comes to 457 delegates in the municipal assemblies and 10 deputies in the National Assembly.

At the present time 98 percent of the permanent staff positions are occupied by professionals. Forty-nine percent of these have 10 or more years of experience. It is important to note that promotions have been made involving rank-and-file comrades.

As concerns the educational level of staff members, the figures reflect a positive advances: 299 have a secondary education, 640 have achieved the intermediate level, 60 are college graduates and 26 have a sixth-grade education.

These advances are also reflected among rank-and-file leaders, since 63 percent of the 32,344 elected during the period have a sixth-grade education, 16 percent anywhere from a seventh to a ninth-grade education and 4 percent have attained higher levels.

During these 5 years positive achievements have been obtained in the political advancement of staff members with the graduation of almost 1,000 comrades from different basic, intermediate and advanced courses. During the same period over 300 cooperative members, ANAP staff members and CPA directors took different courses of study in the GDR, the USSR and Bulgaria. These courses abroad have been of great significance for our staff personnel in terms of putting them into contact with the practice and experience of the socialist countries in the field of cooperativization.

Socialist competition is another point we would like to discuss inasmuch as it promotes and channels the conscious effort of the masses toward the attainment of economic, political and social objectives that contribute to the development of the plans of the revolutionary government. We have especially been working on this since it was pointed out during the Eighth Central Committee Plenary Session.

All ANAP management levels have participated in the various civil defense tasks. Farm families have enthusiastically and patriotically expressed their readiness to join the Territorial Troop Militias and contributed over 1.5 million pesos to aid in financing them.

During this period advances were also realized in joint efforts with the UJC. Farm women have also provided an inestimable contribution to the performance of economic, political and social activities. Some 12,024 of them are CPA members, 32,739 can boast of holding advanced status, 3,575 are members of the boards of directors of rank-and-file organizations and 747 of municipal committees and 103 are members of provincial committees.

An effort directed at economizing financial resources, which has had positive results, has been developed. But as regards income, the effort has in general been deficient. In 1981 this situation was in part improved on through the

recovery of 5,718,074 pesos, that is, 62 percent of the total. The provinces of Pinar del Rio and Sancti Spiritus financed themselves by over 100 percent, but the rest of them were under their expectations.

The study clubs constitute another important task among the activities of our rank-and-file organizations. During the period we are evaluating the chief indicators bear evidence of an implementation level of over 90 percent. An attendance rate of 92 percent was attained in the mass clubs, having relied on 10,738 rank-and-file directors and 670 municipal activists to achieve that figure.

The Fifth ANAP Congress adopted the worker movement resolution to wage the battle for the sixth grade during the 5-year period; 31,378 farmers, or 98.6 percent of the number aimed at, attained that level of education. All the provinces were declared "victorious in the battle for the sixth grade." We have proposed that all those members who have not completed the ninth grade and are academically qualified should attain that level.

The cultural movement includes 1,182 groups of amateur performers, that is, 207 more than those in existence at the time of the previous congress. Among the principal cultural activities engaged in are the holding of the Amateur Performer Festivals, Cucalambeana Day, the Rural and Eduardo Saborit Creole Music Competition and the 17 May Literary Competition. We must, however, admit that there are deficiencies, particularly with regard to the work of professional performers in rural areas. There are areas where not a single cultural activity is held in a whole year's time.

The sports movement has been on the rise. We came to this congress with 1,737 sport teams, that is, 323 more than at the Fifth Congress, and in addition we have 810 Volunteer Sports Councils composed of 2,374 members. There are now 1,847 Rural Social Clubs (CS ).

Our organization has conducted an operation in support of the construction, repair and beautification of elementary schools in rural areas and has given constant consideration to the enrollment, attendance and promotion of the children; 2,154 teachers are housed in rural homes. At the same time, a systematic effort has been made to get all children of the required age to join the Jose Marti Pioneers Organization.

Since the constitution of the Society for Patriotic-Military Education, we have maintained a joint operation with it.

Our joint effort with the Ministry of Public Health has been expanded and our achievements in that direction have been well thought of. Farmers participated in the campaign against dengue and its carrier, the *Aedes aegypti* mosquito. During this campaign they also set in march all the resources that might have been useful for that purpose.

The Niceto Perez National School and the Romarico Cordero Interprovincial School have played an important role in qualifying organizational staff personnel.

During the period we are evaluating, they graduated about 5,014 comrades from their courses of study, among whom are professional personnel, CPA and CCS directors and administrative directors for friendly nations.

Similarly, systematic attention has been paid to development of the political effort and the mechanisms employed for the implementation of propaganda and agitation in their different forms have been steadily maintained; they have made qualitative and quantitative progress in this effort.

Since 1977 the Agitation and Propaganda Committees have been organized among the rural rank and file. At present there are 3,558 of them, which bring together 17,160 family farmers.

The different ANAP agencies have participated in the 26 July Graphic Propaganda Expositions and some provinces have done so in an outstanding way.

During the 5-year period the organization paid systematic attention to radio and television programming aimed at the farm sector, raising the total number of radio programs to 60 and to 3 for television. The support received from the national and provincial press agencies is positive. One activity which we must intensify is that of the volunteer correspondents.

The efforts of the over 3,500 rank-and-file and municipal activists who make up this movement and the incorporation of over 10,000 activists and their relatives into the study teams organized to delve into and reveal the most significant facts relating to our history and their participation in the publications resulting from the 1 January Competition have been outstanding among the tasks involving our history.

Without abandoning its editorial format, the ANAP review has in its pages tackled the most diverse of topics of interest in terms of the political, ideological, educational and cultural effort being made with the farmers.

**ANAP Has Worked to Perform Important Jobs Relating to Education, Culture and the Political-Ideological Effort**

The ANAP has worked to perform important jobs relating to education, culture and the political-ideological effort as ways of contributing to the development of revolutionary awareness in rural families. We must redouble our efforts in this direction so that we can deal with the ideological deviations that still crop up and which are most frequently expressed in the practical aspects of sharecropping, the failure to devote enough attention to their farms and the refusal to join in the chores of sugar cane, tobacco, etc. harvesting.

Our ideological effort must be directed toward the elimination of these negative forms of behavior that still exist and we must convince the farmers to progress toward socialist ways of producing, living and thinking so that, in addition to working collectively, a collectivist and revolutionary social awareness evolves within them which conforms to the moral principles of the new society.

These past few years we have paid special attention to the strengthening of relations with similar organizations in other countries, in particular with

the Soviet Union, the socialist and friendly countries. At the same time we have carried out the agreements and cooperative ventures established in operational plans having to do with the exchange of delegations, study groups and other matters that have contributed toward obtaining better results and more experience.

Another important aspect of our work is the analysis of the legal tasks the organization handles. One of the most critical points in connection with this has to do with the regulations governing the purchase of farms, which has been indiscriminately handled by the state agencies covered by the provisions of Resolution 120, adopted in 1966, of the then INRA [National Institute for Agrarian Reform].

Since 1978 we have launched an effort of investigation, exchange of experiences and analysis in conjunction with the technical personnel of the State Committee for Labor for the purpose of preparing the Social Security Bill for cooperative members, which guarantees them the benefits due them.

The procedure of informing the ANAP beforehand of construction projects that will affect farmers' land, since by engaging in a coordinated effort the chance for conflict is lessened, has achieved satisfactory results.

Among our worries is the matter of leases, whose expensive and permanent budget outlay constitutes a cause for concern. There are about 22,000 such cases in the country with an annual volume of approximately 25 million pesos. The ANAP has spoken out in favor of a casuistic analysis of this situation so that we will succeed in renegotiating them, which will gradually eliminate the situation, substituting other, more sensible forms of remuneration for them.

In cooperation with the State Committee for Finance we have worked on the preparation of the Farm Sector Tax Bill on the basis of the directives of the resolution adopted at the Fifth Congress in which it is proposed that farmers, as economic entities, should contribute to the expenses of the society in fair exchange for the support the state provides for the development of their farm businesses and for their health and education and other social benefits for themselves and their families.

Another measure that contributed positive results was the one developed by the MINIAS [Ministry of the Sugar Industry] in dealing with cane-plantation owners who did not operate their plantations. Our Sixth Congress should energetically speak out against these displays which are not representative of the revolutionary attitude of the farmers.

The productive effort of the farmers is of noteworthy importance for the national economy. Over an area of 113,000 caballerias [1 caballeria = 33.2 acres] the small farmers and cooperative members produce 18 percent of our cane, 70 percent of the tobacco, 50 percent of the stew and garden vegetables, 54 percent of the coffee and 67 percent of the cacao. Moreover, they own 21 percent of our cattle stock and sell 4 million quintals of fruit.



Since the Fifth Congress, the new forms of property have had a direct influence on the increase in agricultural yields, the productivity of labor and production volumes. The cooperatives are becoming the production vanguard of rural agriculture. By 1981 their sales already amounted to 40 million pesos, which represents 22 percent of the value of sales made in the sector.

Despite limited material resources, the inefficiency of certain state procedures and agencies and weaknesses in our organization, we have had good results with cane, tobacco, stew and garden vegetables, but not so good with coffee and stock raising.

At the start of the 1976-1980 5-year period, a tendency to decline was typical of the cane industry, in terms of both the number of ares and production. This process has been reversed, so that by the end of 1981 the number of ares planted with cane amounted to 2,000 more than that of December 1976. Yields have increased to a national average of 70,000 per caballeria and total production has risen by 159 million arrobas [1 arroba = 25 pounds]. And all of this in spite of the losses due to cane rust.

In coordination with the MINAZ, in mid-1981 we designed and began to implement an administrative plan the basis of which is promotion of the cooperative movement. In March 1982 there were already 358 successful and profitable cane CPA's in the country, which account for 42 percent of the lands of the small farmers who farm that crop.

There Are Over 20 CPA's That Obtain 100,000 Arrobas of Cane per Caballeria

A promising competitive movement has been initiated since the First Cooperative Meeting, on which occasion Fidel explained how important it was for the cooperatives to obtain — on unirrigated farmland too — 100,000 arrobas per caballeria. Even though the cane harvest is not yet over, there are already over 20 cooperatives that have obtained that much and 23 have obtained over 90,000.

The manual labor force has been reduced due to an increase in mechanized cutting, which guarantees 21 percent of the cane harvested per sector.

The behavior of the rural labor force during the cane harvest has improved in terms of attendance and productivity. In comparison with 1977, the former has increased by 4 percent and the latter by 19 arrobas per man.

The progress of the cooperative movement in the cane-farming sector made it possible for a total of 158 CPA's to assume responsibility for the harvesting of their cane in the 1981-1982 contest, which enabled them to cut 47 percent of the rural labor force's quota for the cane harvest.

It is anticipated that the cooperatives will be provided with the technical and material means needed to completely take over these chores and to deliver about 1 billion arrobas of cane in 1985, and doing so with their own cutting, loading and hauling.

With regard to tobacco cultivation, the Fifth Congress agreed on consolidating the planted land area and increasing production, in both quantity and quality. To that end, a program for the planting of 3,500 caballerias during each harvest in this period was in effect and the average planted land area came to 3,071 caballerias. The mean production figure for the 5-year period amounted to 581,000 quintals, a lower figure due to the damage caused by the blue mold in 1979 and 1980.

Despite the blue mold, with 818,000 quintals the results of the 1980-1981 season rate among the highest of the decade. The average yield of the harvest was 228 quintals per caballeria.

The scarcity of some very important assurances for this crop, like the means for irrigating it and the materials needed for the construction and repair of the tobacco-curing sheds, persists. This situation constitutes a limiting factor for everything that has to do with tobacco production, which can be increased even more with the extension of irrigated areas, one of the fundamental factors in achieving this increase.

At present we have 229 CPA's, which own 21 percent of the land area devoted to this crop and contribute about 20 percent of the total harvest. Most of them are profitable, although their cost per peso, 70 centavos, is the highest of all the crops farmed. In Pinar del Rio some 20 of these cooperatives have had difficulties that are compromising their future development.

In the 1981-1985 5-year period tobacco production objectives are chiefly aimed at perfecting mechanized farming, preventing blue mold, increasing yields, raising quality and laying emphasis on the improvement of soils used to grow tobacco.

The need for developing a coffee harvesting program backed by measures designed to provide incentives for the participation of farmers was established in the national economic and social development directives approved at the First Party Congress. However, the way it has been implemented and the production results that have been obtained are not satisfactory.

At the present time the farm sector has 49 percent of the country's coffee plantations covering an area of 6,532 caballerias, of which 5,000 are producing and the remaining 1,532 are being developed. This crop is the chief source of income for 23,000 private farmers and 214 CPA's, which together contribute 54 percent of the beans that are stored.

Farm-sector coffee plantations are very old and only 12 percent of them were renovated during the 5-year period.

Although the coffee harvesting program provides for fertilization of 100 percent of the land under cultivation, less than half of it has been fertilized during the past 4 years. Only 19 percent of the land involved benefited from nitrogenized fertilization. Chiefly in the eastern provinces, cultivation of the plantations was not satisfactorily conducted during the period.



There is well-founded evidence that the coffee harvesting process is being affected by the low earning power of the crop, even though warehouse prices went up by 34 percent due to approval of the plan for adopting measures. Later, new factors contributed to the raising of costs.

Assured supplies of equipment and materials for production have been very limited; the poor quality of files and machetes persists, resources arrive late and the state of transportation in the mountain areas is critical.

The process of cooperativization in the coffee-growing industry is moving slowly; only 10 percent of farmers' land has been integrated into the CPA's. The coffee plantations show high production costs among all the country's cooperatives.

Our organization's effort during this period was not the best in the coffee-growing regions, chiefly in Guantánamo, Granma and Santiago de Cuba, which together possess 86 percent of the sector's plantations.

The considerations expressed here speak for a thorough review of the economic and social problems posed by this crop and the development of an intense effort to cooperativize the mountains. In doing so, we must consider all the factors involved in these problems. Nevertheless, cooperativization is the principal direction we should take in the development of the coffee, cacao and lumber industries.

The ANAP recently proposed a number of alternatives to the Administrative Commission of the Sierra Maestra National Park regarding the way farmers residing in these areas should be handled. This proposal has been combined with the directives issued by the party and personally by Comrade Fidel for the development of the mountain areas and the role the cooperative movement must play in connection with this.

The farm sector has a land area of 458 caballerías of cacao and during this period its sales amounted to 23,000 quintals, with the declining tendency that began in previous years thus being maintained.

The major difficulty lay in the lack of graft transplants to ensure planting, although progress has been made in solving this problem since growers are ready and willing to tackle the job.

Specifically, in the Baracoa area for some time difficulties arose in the processing and granting of loans and there were other complications of a bureaucratic nature. These problems were jointly tackled in mid-1981 by the ANAP, the Bank and the Ministry of Agriculture, since which time they have succeeded in effecting a favorable change in the region while at the same time organizing eight CPA's specialized in this crop and working for the integration of larger areas.

The production of miscellaneous crops is one of the areas in which they have had good results. This is so with the sale of stew vegetables, which in the 5-year period annually averaged 5.3 million quintals, thereby showing a rate

of growth of 8 percent a year. Approximately 5.4 million quintals of garden vegetables were stored, resulting in an annual growth rate of 17 percent. Grain sales came to an average of 729,000 quintals and showed an annual growth rate of 16 percent. As for fruits, 383,000 quintals were stored, less than the figure obtained in the preceding 5-year period.

With regard to prices, we suggested to the government that studies be made of some products which we ought to promote and of others which yield excessive profits that could be lowered in price since they are not indispensable, or at least they are not urgently needed for the consumer public, and, on the other hand, it is indispensable for us to get the agencies of the storage enterprises to be more active so that a larger volume — not only the volume contracted for — reaches the distribution network and is more readily available to the population.

There are in this country 226 CPA's whose chief product is the miscellaneous crops, those that are the most profitable since only 58 centavos are spent to produce 1 peso. They contribute 28 percent of the total amount of stew vegetables the sector sells, 30 percent of the grain and 24 percent of the garden vegetables.

We have instituted studies on the possibility of combining areas and concentrating production in certain of the country's regions in which new CPA's exist and manage farms in order to form large units of this kind, but which CPA's need to be provided with the technical means for doing so, particularly irrigation and machinery.

The enormous potential of the CPA's as production units for stew and garden vegetables is being practically demonstrated by pioneering collectives like the Julio A. Mella of Pinar del Rio, Paquito Gonzalez and Revolucion de Octubre of Ciego, Amistad Cubano-Bulgara and Niceto Perez of La Habana. All of these are associated with the Revolutionary Movement for High Yields.

When we check production figures for the years preceding the Fifth Congress, we can assess the decline in cattle stock since the number of owners and the number of head of cattle per caballeria gradually dropped.

This declining tendency continued because the amount of land the farmers had was reduced due to sales of farms and because their cattle-raising operation did not follow a definite line of development, nor was it supported by the appropriate planning and allocation of resources.

Modern techniques for the management and operation of cattle ranches, in which so much progress has been made on state ranches, have not been consistently applied in our sector.

Cattle raising has reached a certain measure of development at the 123 cattle-raising cooperatives, which have good prospects for development and are profitable. These organizations are and can be, even more so in the future, an effective means for improving the sector's cattle stock.

To realize these objectives the government must in practice apply the guidelines issued by the Second Congress with reference to the development of cattle raising in the rural sector.

With regard to sheep, the way buying is handled is poor and, although prices improved with the application of the general price reform and we tried to get higher prices for hogs, instead the price of that item dropped.

In 1980 there was an outbreak of African hog cholera which could be controlled. At the present time we are working on restocking the provinces that were affected. We must remain constantly on guard to detect any suspicious symptom whatsoever of the disease and support compliance with the established animal husbandry and hygiene procedures.

In the beekeeping sector an average annual figure of 1,860 tons of honey was obtained during the period, or an increase of 5 percent over that of the preceding 5-year period. The technical and material operation of the apiaries was improved on and a more attractive price was set on this product.

Important achievements were realized in the field of animal health. The most relevant is the fact that we have rid seven provinces and the special municipality of Isle of Youth of brucellosis and tuberculosis. Veterinary care has been extended to all species. The work that was done approximately 10 years ago with the Institute of Veterinary Medicine and the Board of Plant Health in support of active involvement in plant and animal health is worthy of note.

During the past 5-year period the National Bank of Cuba continued to carry out the government credit policy. The bank made efforts to provide procedures that correspond to the dynamics of the transformation of rural production and at once met the merging needs of the process. They succeeded in achieving a better distribution of credit.

Since the Fifth Congress, the transformation of the farmers' system of individual production through incorporation into the CPA's has been a systematic operation, given priority by our organization, one essentially based on a political and ideological effort involving the rural family, the development of its social awareness and the maintenance of absolute respect for the principle of voluntariness.

To achieve the profound transformations that have been introduced these past few years in our rural areas, we have had to make a qualitative jump in our way of thinking with regard to the farmer.

1,140 CPA's Created Throughout the Country Which Concentrate Almost 40,000 Caballerias

In May 1977 we had 44 cooperatives extended over 451 caballerias. Today, we come to the Sixth Congress with more than 1,140 CPA's that have 39,500 caballerias and over 42,000 members. The incorporated land represents approximately 35 percent of the total land owned by farmers.

The provinces of Matanzas and Ciego de Avila march at the head of the column with 56 percent of their farmers' lands under cooperative management, followed by Sancti Spiritus with 45 percent and Villa Clara with 43 percent. This last-named has cooperativized the largest land area, 5,000 caballerias.

With their decisive and enthusiastic incorporation into socialist methods of production, whether these be state enterprises or cooperatives, Cuban farmers have demonstrated the degree of collectivist awareness they have attained.

Politburo resolutions to strengthen and develop the cooperative movement and the job done by the agencies involved in this process have produced positive results. At the instigation of this congress, this undertaking has received a good boost.

We have worked for the constitution of new cooperatives and for the strengthening and growth of those already created, chiefly through the merger of the small ones into other larger ones. We already have 200 cooperatives that cover more than 60 caballerias. The national average is 30 caballerias and 37 members and their economic management is in general efficient. The 758 that balanced their books this year created assets of over 50 million pesos and earned profits on the order of 18 million, notwithstanding the support the state provided the cooperative movement. Despite its limited resources, the state is required to support the cooperative movement with material means.

During this period of operation the CPA's made a great effort to concentrate their housing units, with their own means and those the state allocated to them. During the first year of the current 5-year period only 26 percent of the housing quota was met, due chiefly to the shortage of building materials as well as to difficulties they had with the distribution procedures for the allocated materials. Nevertheless, the most important thing is to combine the housing units as a first step in forming a cooperative.

Electrification of the areas the cooperatives are based in is another step of vital importance for their development and consolidation. Last December this service was reaching over 200 of them.

As an intermediate form of organization, we have not devoted the attention they require to achieve their objectives to the CCS's. We must work in that direction during the next period to achieve a better operation in this kind of organization, which contains a high percentage of farmers.

Relying on the party Politburo resolution adopted at the beginning of 1981, which consisted of the creation of the Municipal Union Cooperatives, an experimental kind of organization, in order to draw the necessary conclusions which will enable us to generalize in applying them later on, we propose that the Sixth Congress continue to look into these new cooperative agencies in order to extend their application to all the municipalities and provinces in the country.

The chief functions of these unions are: to carry out supply missions, provide assurance and technical assistance for production operations; to participate

in the planning of production and assurance therefor; to make contracts with storage and supply enterprises; to serve as a technical adviser; to provide repair, maintenance, transportation, machinery, accounting and statistical services as well as participating in those tasks relating to the development and consolidation of the cooperative movement.

Since the founding of our organization, there has been constant concern over production and storage in the farm sector in order to help supply the population, to supply raw materials for industry and to create exportable funds in order to obtain the hard currency necessary to the country's socioeconomic development.

Especially deserving of our Sixth Congress' recognition is the effort that has been made by thousands of comrades from among our rural rank and file. At the same time these comrades have had to tend to their stock raising and crops, they have dedicated many hours and days to work without pay for the collectivity which they represent to expedite its business matters to the appropriate state administrative agencies. To these thousands of comrades, we congratulate and salute you in the name of all our farmers and this congress.

Notwithstanding the fact that we with satisfaction recognize this meritorious effort, we have to admit, in a critical and self-critical spirit, that we are not making maximum use of the production potential available to us.

In many cases sales quotas are under the objective potential and control over compliance with the terms of contracts with storage enterprises is poor.

The objective of the promulgation of Decree No 66 in April 1980, which created the Rural Free Market, was to stimulate production and to get farmers and cooperative members to exceed their quotas and storage contracts so that they could compete with their surpluses and sell them on that market, but what was not provided for in the decree was for middlemen to trade on this market, nor did it provide for the proliferation of small parcelholders who, protected by their status, operated as middlemen in many cases.

These anomalies are attributable to a lack of supervision, vigilance and administrative exigence on the part of the market administrators and the agencies empowered to issue authorizations, through lack of vigilance and the absence of open and fraternal discussion among our rural rank and file, so that they may compete, individually or collectively, using their surpluses once they have fulfilled their contracts and so that they may denounce the activity of the middlemen.

Because of all this, with revolutionary honesty we must criticize them and ourselves for not having had sense enough to at the right time attack these harmful manifestations which are at odds with the attitude and behavior the farmers and our organization have historically exhibited in defense of the policies and principles of the party and the revolutionary government of the workers and farmers.



As a result, in cooperation with the state agencies within whose jurisdiction this falls, our organization has been working on the drafting and study of laws, resolutions and legal standards that may, in line with our Constitution and the principles of our party and government, institutionalize those procedures which will enable us to suitably get the rural family to voluntarily and conscientiously fulfill each and every one of the precepts of socialist legality.

Because of all this, we at this congress place our trust in you delegates, who truly represent not only our revolutionary traditions and deeds, but who are playing and will play the leading role in specific plans and actions to hasten the development of this new society, which is why, as we explained to you yesterday at our fraternal get-together, we will have to discuss various projects, which are:

- Social security for cooperative members.
- Harvest and farm and livestock property insurance.
- Taxes for farmers and cooperative members.
- Regulations governing the purchase of land from the rural sector and renegotiation of leases to conform to the state farm and livestock enterprises.
- Bases for the cooperative law.
- Executive decree on the inheritance tax set forth in Article 24 of the Constitution.
- Registered decrees on farm sector products and services contracts.
- Instructions for combatting the illegal purchase of land and the new type of sharecropping.
- Health standards for hog raising in the farm sector.
- Regulation and modification of Executive Decree No 66 regarding the Rural Free Market.

In line with the essence of everything we have proposed, let us say that we are certain that every farmer will absolutely support our views and this is why I propose that the Sixth ANAP Congress with all its might back the measures for cleaning up the Rural Free Market as well as the other provisions we have referred to and the statements in a similar vein made by Comrade Fidel in his closing speech at the Fourth UJC Congress.

Comrades:

We have tried to sum up the principal activities developed by our organization, from the Fifth Congress to date, and the achievements and shortcomings of our actions in the different areas of our work.

Our cooperation with the UJC and the mass, student and pioneer organizations and the state agencies has been an important factor. This Sixth Congress extends to all of you its most sincere gratitude for the aid you have provided us with in a very special way, and to the Cuban Communist Party which, with its timely and positive guidance, has contributed to our obtaining the positive results which are today appreciated in our work.

To our Commander in Chief and First Secretary of the Party Fidel, in the name of the delegates to the congress and rural families in general, we express our gratitude for the constant concern he has exhibited for the well-being of Cuban farmers from the days of Moncada, the revolutionary war, up to this time when, inspired by his guidance, we are progressing toward superior methods of production and of social coexistence in our rural areas.

Many are the tasks that lie ahead of us: the growth and strengthening of the cooperative movement, fulfillment of economic quotas for the current 5-year period and intensification of the political, educational, cultural and ideological effort, and the most determined support of the defense of our socialist fatherland. We will work and devote all our efforts on this basis, certain of victory.

Everyone is familiar with the world situation; it is getting worse every day. Displaying an openly fascist ideology in its insane and irresponsible arms race, the clique in possession of power in the United States is once again threatening to unleash a conflagration that may have unpredictable consequences for all of mankind.

Arrogant and domineering, the Yankee imperialists are trying to crush the national liberation movements and, to justify their criminal designs, they are hurriedly putting together unusual lies, deceptions and slanders, exposed on repeated occasions by our Commander in Chief Fidel Castro.

Along with the working class and all our people, calmer and more resolved than ever, we Cuban farmers are preparing ourselves to meet any imperialist attack.

Let our enemies know that, as has been the case from the "Grito de Yara" ['cry of Yara,' reference to early rebellion] to the present time, in the Cuban farmer the nation will have a dependable and unfaltering soldier in the fields of production and defense because the Mambi [rebel] stock we have inherited from the forerunners of our independence is present in the current generations of our farmers.

In the spirit of Moncada, the Sierra and Giron, united with the working class, we farmers are prepared to accomplish the mission assigned to us in the face of any circumstances, as difficult as they may be, and are ready to produce for defense and work for victory.

We will do what we have to do to defend this revolutionary government because, thanks to it, we have what we had to have.

Long live the ANAP!

Long live the indestructible alliance of workers and farmers!

Long live our glorious Communist Party of Cuba!

Long live our beloved Commander in Chief Fidel Castro!

Fatherland or death! We shall be victorious!

11,466

CSO: 3010/1695



## DELEGATES DISCUSS KEYNOTE SPEECH OF ANAP CONGRESS

Havana GRANMA in Spanish 17 May 82 pp 1, 3, 4, 5

[Article by Orlando Gomez, Ariel Rojas, Joaquin Oramas, Jose A. de la Oza, Susana Lee and Jose Norniella]

[Text] Enlightening speech by Fidel on production and social problems in the Sierra Maestra and the mountainous regions of the country in general.

Jose Ramirez Cruz reads keynote speech.

The job being done by the Agricultural and Livestock Production Cooperatives [CPA] and the successes achieved in the process, one of the topics most discussed by the delegates.

The sessions of the Sixth National Association of Small Farmers (ANAP) Congress, inaugurated last Saturday at Convention Hall, have progressed with productive and interesting speeches during which the delegates have made specific proposals concerning the main aspects of the job our farmers are doing, in particular with regard to the CPA's.

Yesterday morning our Commander in Chief Fidel Castro, who has chaired all the congress sessions, delivered a comprehensive speech relating to production and social problems in the Sierra Maestra and the country's mountainous regions in general. The occasion was also marked by an extensive dialogue between Jose Ramirez Cruz, the president of the ANAP, and some of the delegates in the course of the debate over the keynote speech and the vital issues raised in that document, which was approved yesterday afternoon.

Also attending the congress were members of the Politburo and party Central Committee, representatives of political and mass organizations, government organs and institutions and farmer delegations from over 50 countries.

The congress proceeded inspired by the memory of the rural fighters Niceto Perez, Sabino Pupo, Lino de las Mercedes Alvarez and Romarico Cordero, whose portraits presided over the assembly room where all Cuban farmers were represented.

## Second Day of Sessions

Yesterday, the second day of debates, a large number of delegates took part in the discussion of the keynote speech. Justo Ortega of Cienfuegos presented a report on the job being done by his cooperative, the Cinco de Septiembre, located in Escambray, particularly in connection with the coffee harvest, in which operation in 1977 "we harvested only 40 quintals per caballeria [1 caballeria = 33.2 acres]. We formed our cooperative in December of this year and today we salute the Sixth Congress with 168 quintals of coffee per caballeria."

Ortega proposed that the farmers declare at the Sixth Congress that they would continue to support and finance the Territorial Troop Militias and expressed his support for donating one's vital organs in case of sudden death.

Remberto Martin of the Diez de Octubre CPA of Cabaiguan spoke on tobacco production. He said that, following the formation of the cooperative, they succeeded in attaining yields of up to 600 quintals of sun-grown leaf tobacco, "and I believe that we will have similar yields this chane harvest season," he maintained.

## Greetings from the GDR Delegation

Gunter Ditrich [as published] of the GDR Farmers Mutual Aid Association conveyed the fighting and fraternal greetings of GDR cooperative farmers and farm and livestock sector workers and said that his organization would continue to train Cuban personnel and familiarize them with the experiences they have amassed in the socialist transformation of agriculture.

## Nicaraguan Delegate

Another speaker was Narciso Gonzalez, the president of the Nicaraguan National Union of Farmers and Stockraisers, who said that in holding their Sixth Congress Cuban farmers are demonstrating to the world what people are capable of when they have an opportunity to do things in their own way, in accordance with their own principles and led by a party, by leaders, by someone who is really concerned with the needs of the people.

He referred to the efforts of Cuban internationalists in Nicaragua who have left to work in the most uncomfortable of locations, where a teacher has never set foot, where a doctor has never set foot. "Our Cuban internationalist comrades have been in these places, working under the worst of circumstances, sharing the misery of our brother farmers, circumstances that have not yet been improved — and you know why: A revolution is not achieved in 1 day and transformations are not achieved purely by willing them," he exclaimed.

Discussion of the keynote speech continued with a report by Rafael Acosta, the president of the Republica de Chile CPA of Vinales, one of the first to be formed in this country.

He said that for 4 or 5 years his cooperative had been confronted with different problems and added that, while it today marches in the forefront and is becoming

exemplary in terms of production, organization and political and social activities among the cooperatives, "we can also say that we were an example of the things that ought not to be done in the cooperatives."

He reported that the Republica de Chile CPA at present has 180 caballerias and 360 members and that its growth potential is extensive in terms of both members and land.

He stressed the fact that the CPA had obtained a yield of 383 quintals of tobacco per caballeria with the Cabaiguan variety and harvested 230,000 poles of tobacco this season. The CPA has 12 caballerias of guava, with 4 producing, 3 and 1/2 of coffee, one of which last year produced its first fruit with a yield of 112 quintals of coffee. He said that we all know that it had been claimed that coffee could not be grown in that Laguna de Piedra Valley but, nevertheless, our plantations are exemplary in terms of coffee production.

He added that there is a valley in their area called El Jaruco where there is a prehistoric cave in which there is 1 caballeria of coffee interspersed with Censa bananas which without irrigation grow in bunches containing as many as 45 bananas. He maintained that they have cut bunches with 35 bananas on them weighing 35 pounds.

He also spoke of 30 caballerias used for raising hogs, since this land is covered with hillocks, thistles and rose apples on which the only things needed are wire fencing and staples because the hog feed is there.

Greetings from the Young People

From the mouth of Carlos Lage, first secretary of the Union of Young Communists (UJC) and an alternate member of our party's Central Committee, the congress received greetings from the UJC and the student and pioneer organizations.

On Cacao Production

The debates on the report presented by Pepe Ramirez continued with a speech by Nemesio Viquillon of the town of Baracoa in Guantanamo Province in which he reported on the approach employed in harvesting cacao and said that the people of Baracoa have committed themselves to producing 40,000 quintals of cacao. He expressed the need for acquiring a few chainsaws because "we cannot keep the shady areas under control and clear the land, which have to be done, with axes."

Viquillon praised the construction brigades that work on local roads in Baracoa, those which, he noted, have covered many kilometers in the cacao-growing area and despite which "not all the cacao is within easy reach of rolling transport. We have to use mules," he said, "and run into difficulties because sometimes we don't have a nail or a horseshoe," and he also indicated the need for machetes and files.

He conveyed to the congress the farmers of Baracoa's unlimited support for what Fidel proposed at the Fourth UJC Congress,

Pepe Ramirez took the floor to say that "I would like some of the presidents of the Baracoan cacao cooperatives to speak in favor of this" because, as he put it, during the last few tours he had made through the area "we say the progress that had been made with grafts," and he said that he had visited cooperatives where there was a high percentage of fertile grafts that were being produced and that he had visited cooperatives where a fairly large number of women were performing these tasks.

Delegate Viquillon again took the floor to corroborate Pepe's statements to the effect that courses on grafting plants were being taught to women and men too, and confirmed the fact that until now "cacao nurseries have not been profitable for us."

Elpidio Tomasen Labanino, the president of the Victoria de Giron Cooperative of Baracoa in Guantanamo, also reported on cacao production and the cost of grafts, amounting to an average of 2.5 centavos per plant and, considering the total cost of growing them, he said that the average cost per plant comes to 28 centavos.

ANAP vice president Pedro M. Roche and Pepe Ramirez, who asked whether the cooperatives were trying to be cacao producers and producers of plants for other cooperatives, made several comments on these reports.

Tomasen replied that they were growing plants, a number of which they planted, and that the remaining ones were sold to other cooperatives and farmers who bought them through the Credits and Services Cooperatives (CCS) at a price of 30 centavos per plant.

#### Vilma Espin's Report

"This Sixth ANAP Congress constitutes a new demonstration of the fighting spirit and patriotic fervor that is typical of this sector which has played such an important role in our people's struggles," said Vilma Espin, an alternate member of the Politburo and chairwoman of the Federation of Cuban Women (FMC), in a special report at the event.

Vilma emphasized the role of the farm woman, not only during the war but also all these years. She asserted that "her desire to better herself, her constant efforts to raise her cultural level, to overcome the age-old backwardness imposed on her by exploitive regimes have been exemplary" and recalled the creation of the FMC-ANAP brigades which have very favorably influenced the promotion of better production methods.

#### Gabriel Archer's Talk

The talk given by Gabriel Archer, the president of the Raul Moreno Blanco CCS of the town of Guama in Santiago de Cuba, was one of the most interesting of the many that followed one another at this congress and which occasioned a clarifying speech by our Commander in Chief Fidel Castro.

Archer began by saying that he had not yet been able to organize a CPA but that he thought he would be able to attend the Seventh Congress with a good CPA.

He said that they ought to continue to increase their organizational operations such that orientations would properly reach the farm-worker masses and then he tackled the topic of the exodus of farmers from the mountains.

He gave as an example the fact that, in the La Anita area right in the middle of the Sierra Maestra, there were in 1961 356 cells and 1,458 consumers, whereas at the present time there are 95 cells and 350 consumers, which gives us an idea of how many people have deserted the mountain areas. He added that these problems have to be studied due to the fact that there are operations in the mountains that cannot be mechanized and that the exodus reduces the labor force. He pointed out that the number of people is influenced by the education of their children, age and other social factors.

He noted that the distances children have to cover to attend elementary schools are great in the mountain areas and that he, for example, had to travel 8 km, often on foot, to go on with his studies and get through the ninth grade.

With regard to production in the mountains, he proposed that the prices of stored goods ought to be different from those in effect in the plains since, where farming cannot be mechanized, production costs are higher.

On the other hand, he declared that they had to increase coffee-growing yields per are, but said that some time ago some people reported that they had a caballeria of coffee [under cultivation] and that now they no longer really have that much land, a result of the effects of depopulation. He noted that it is necessary to check erosion in the mountains and that this was really a costly affair, although he described an experiment he had performed consisting of a ditch in which water accumulates, moisture is conserved and production aided.

Archer explained that Guama ought to have a special approach for dealing with one of the country's most mountainous areas and noted that this area is inside the Sierra Maestra National Park, in which efforts are being made for reforestation and that a study had to be made as quickly as possible to "determine how people are going to live there."

The delegate from Santiago also reported on the Rural Free Market, regarding which he said that it ought not to disappear, but that a ceiling ought to be imposed on prices: "Let true farmers go [to these markets], but let there be ceiling prices on the goods," he said.

Concerning other issues, Archer said that he had to study them in terms of competition, increasing incentives for other producers of crops like coffee and stew vegetables, livestock, tobacco, etc. in addition to sugar cane. He also said that the ECIL [Dairy Industry Consolidated Enterprise] receives milk from the farmers who produce it and informs them of the results in their areas in 10 days and, if the resulting quality is poor, it is [so graded] for the 10-day period.



"We feel that the milk should be analyzed daily and that, if the milk is bad on one day, [the farmer] should be paid accordingly for only the one day and, if the rest is good, he should be paid for good milk."

In answer to a question from Pepe Ramirez asking him to sum up the situation as to how they could help resolve these problems in Guama, Archer said that in his opinion they ought to work on the problem of locating schools, encourage cultural activities, create secondary schools in the mountains of Guama, concentrate materials not in the towns of the plains but see to it that they go to the hills to improve housing or build little villages that may prevent the exodus and help to boost the cooperative movement, and improve transportation. He cited these as the chief points.

This was followed by Fidel's speech.

#### Fidel Speaks

When he spoke at the session, our Commander in Chief Fidel Castro said that the cooperatives are becoming more attractive because of the advantages they offer the farmer and because of the income, and that it would be a good idea to maximally develop the mountain cooperatives, "assuming that the cooperatives are more attractive because of the income, in order to keep families in the mountains."

"This is a serious matter," Fidel said and admitted that, of course, "there will be differences of opinion on it." And he at once pointed out that they wanted to preserve the soil of the mountains, wanted to repopulate the mountains, wanted or wished to keep the memory of historic sites alive and preserve the historic value of the mountains too. "Sometimes," he felt, "some of these objectives clash with others for the reason you yourself mentioned (addressing the delegate who had just finished speaking), namely, that the farmers in those areas are ready and waiting for us to determine the importance of Sierra Maestra National Park.

"On the other hand, Pancho, with regard to reforestation, you said that the farmers destroy the soil and the forests and you, Guillermo, with regard to the organization and protection of the environment, have your concerns as to how to protect the environment, yet the country and agriculture are demanding more coffee.

"There can be no doubt that some things are conflicting with others in connection with this," the chief of the revolutionary government emphasized.

Fidel said that, when we speak of the exodus from the mountains, "I really don't know what we can do to avoid the exodus from the mountains because it is the revolution that has produced the exodus, the revolution itself," and he added that this was the case "beginning with ourselves who were adjacent to Guama and the whole area around Guama."

"We had no other choice but to leave it," he said, "because our exchanging our life in the mountains for this life in the capital was in reality not such a voluntary affair."

He added that "there were many farmers among our number who had joined the Rebel Army," and he said that, after the revolution, "just think!"

Fidel recalled that they built roads but that these roads were not built to travel to the mountains, rather to leave the mountains. And then he remarked that our fields have been electrified and filled with roads and highways. "Our country's entire cane-growing area, including the storage centers, is electrified, the citrus-growing areas, wherever there are schools; electricity has reached almost all parts of the country, wherever there is a community; I am not speaking of isolated homes," he said. And he said that many people living in isolated homes had strung illegal drop lines along the roads, so that the government has had to launch a big campaign against these illegal lines "which exhibit a lack of discipline."

Then he said that another reason these situations do not exist in the mountains is, of course, because it is difficult to build a road in the mountains. "We know this," he said, "because we lived in the mountains for a fairly long time and did a lot of traveling through these mountains. The roads fall into disrepair easily."

He recalled the plans they had made during the first decade of the revolutionary era to build roads in the mountains and said that it is harder to maintain that the Sierra Maestra is a dorsal ridge from which mountain ranges extend to the north and the south with a river or a valley between them, very narrow, very rugged valleys. "Also because you build a road in Palma Mocha," he noted, "and it serves only Palma Mocha; it doesn't serve the Mula River, nor does it serve other areas, nor does it serve La Piata which is a few kilometers from there."

Expanding on this subject, he said that you build a road in the mountains and it serves a very small area, and "you would have to build tens and tens of roads in the mountains."

"Furthermore, mountain roads are expensive," he pointed out, "they are destructive, wreaking considerable destruction on the environment because they cut through hills and leave barren, treeless precipices on the land; these cuts considerably alter the landscape."

Fidel raised the question: "How can we electrify the mountains?" And he noted that the plains had been electrified by means of power lines, but "how can we electrify the mountains?" he repeated. He said that the problem of roads and electrification will always exist in the mountains and will make everything more difficult. He admitted that water [power] could provide an easier solution since there are enough rivers, streams, etc.

Our commander in chief observed that, if it were not for the coffee and cacao that are grown in the mountains -- "and we cannot give up these products" -- there can be no doubt that the exodus from the mountains would be the best thing that could happen to the country. "I am convinced that this is so," he emphasized.



And he explained that 1 irrigated and machine-cultivated caballeria in Guines, in Guira de Melena, in Melena de Sur, in Alquizar produces

"God knows how many caballerias of stew vegetables in the mountains." He referred to the speech of the delegate who spoke about cacao yields, about how they grow cacao in the mountains, the fact that nothing can be machine-cultivated, and pointed out that it is true that this is typical of the mountains, that technology cannot be introduced there: planes to spray herbicides, the tractor, the plow. "In the mountains cultivation is by hand," he said.

Fidel added that some technology can be introduced, such as fertilization and some herbicides, but aside from this it is impossible to use machines in the mountains.

"I believe that what Gabriel said about his experimental method for preventing erosion is a very interesting idea and worth studying," he noted.

Fidel stressed the fact that there is one crop which, because of its economic importance, "supports us in the mountains, and that is coffee." He explained that it is not stew vegetables, not grain production, that is to say that "we cannot promote the production of stew vegetables in the mountains because we believe that stew vegetables and other vegetables should be grown in the mountains only for consumption by the farmers themselves, not to supply the cities."

"It would make no sense to start paying more for stew vegetables in the mountains and to promote those crops," he pointed out. And he explained that the country really does not need the mountains to supply the cities.

"At any rate, in the mountains what is necessary for those who live in the mountains ought to be produced," Fidel said, and explained that he was referring to the very rugged and steep mountains.

"It seems to me that the mountains should produce coffee and forests for the nation and stew and other vegetables, milk, poultry, etc. for the consumption of the people who live in the mountains," he emphasized.

He said that the country ought to supply itself with other products in the plains and by means of irrigation, intensive fertilization and mechanization.

The head of the revolutionary government suggested that "we ought to keep these ideas well in mind," going on to say that the mountains are needed for the wood they produce. And he said that this generation is not going to reap the fruits of the trees that are being planted there, rather other generations.

"Wood and coffee, cacao in some areas, should be what is produced in the mountains," he summed it up. And the mountains should also be used as centers for recreation, tourism, etc.

Pointing out the fact that a tremendous exodus from the mountains to the plains has been going on, he said: "What can, what must the country do to keep people in and also attract certain kinds of people to the mountains?"

He said that the question of resources, housing — "someone spoke of an experimental tractor-generator" — had been raised at the congress and noted that "we have been testing in the Sierra Maestra [to find out] what to provide each community with." He said that they had considered power plants for television sets and electric lighting in social clubs.

"And what we spent one day figuring out how much each plant would cost and what kind of plant [would be appropriate]," Fidel announced. And he added that there would "not yet be lights for everybody but at least for the social clubs, television sets in the clubs and refrigerators, even if only to store medicines, which would have to be run on gas because the power plants could not be in operation all the time.

"We will begin by bringing something to these places," our commander in chief underlined.

And then he emphasized that he was convinced, "listening to you," he said, "that it was necessary to thoroughly study all these factors, all these ideas, to reconcile them," and said that he was certain that they could reconcile the national park, the historical aspect of the situation, with protection of the environment and the landscape, with the production of coffee and cacao. "All this can be reconciled with the farmers' self-sufficiency," he said.

Fidel said that it was indisputable for them to have to get together to discuss this and find out whether the country has the resources, or can find them, for creating the material conditions, "for us to have to clearly determine them." And he said that this was why he had asked Comrade Pepe to: "Ask them what they believe has to be done, what they think has to be done, because I too have my doubts that we will stop the exodus even if we do all this."

Changing the subject, the commander in chief said that an issue that was important had also "incidentally" emerged during the discussions: the notorious issue of taxes. "This is a difficult subject for everyone," he noted, "because we have completely gotten out of the habit of having them and because we have no notion of what taxes are."

He explained that taxes are in part instructive and said that they consisted of the fact that anyone whom you give 3,000 pesos to and from whom you then take away 300 pesos will say: "This is not only instructive; they are taking 300 pesos away from me." And he went on to say that, if you think about it a little more, the taxes that have been proposed amount to much less than the income gained by farmers through price reform.

"That is, the latest price reform has produced increases for sugar cane, for all products, that are much greater (perhaps twice as great, at least) than what all these taxes amount to."

He added that it might be politically wiser and more popular to keep prices low and not impose taxes.

Fidel maintained that taxes also become instruments that work to the advantage of cooperativization. "This has already been to a certain extent agreed on for some time now," he pointed out, "because, when prices on products were raised, it was presumed that some revenue would be collected in the form of taxes." And he added that actually we have completely gotten out of the habit of being taxed and he said that, if we do not reach political agreement on it, this tax could have a negative effect in terms of the same example Gabriel raised.

"But actually, it is much less than the impact of the increase in wholesale prices," our commander in chief insisted, by way of recognizing the fact that receiving is always much more agreeable than giving; "it is always better received."

Fidel naturally emphasized that this tax means, should account for, a tenth of what the country invests in schools, hospitals and other rural services. "A tenth!" he underlined the fact.

Heavy applause from the delegates was heard in the big conference room in Convention Hall.

He went on to say that they were not trying to recover what the country invests in the rural areas, not even remotely so, and reported that these taxes will produce 40 or 50 million [pesos], perhaps 60 million, "I don't remember exactly." "This is almost a token figure, even though it may mean 300 pesos," he commented. He also said that this is much less than the amounts by which prices were increased.

"I speak of this," he explained, "because I am concerned over the living conditions of the farmers in the mountains. Unquestionably, if we want to have people living in the mountains and we want to have coffee and we want to have forests (because we are also interested in having people live in the mountains so that they will farm and plant forests), it seems to me that we have to provide certain living conditions for these farmers that will really make it attractive for them to live there."

Our commander in chief went on to say that, independently of what may be collected through the tax under discussion, it will be reduced to 40 percent for a cooperative and, he explained, the individual farmer will pay as a family, and, when more cooperatives are organized, it will no longer be one, but two who join the cooperatives. "Since the tax on cooperatives is paid by calculating the total amount of sales and the total number of members in the cooperative, in almost all the cooperatives one family pays as though it were two," he said.

Expanding on the idea, he said that, since it will be reduced to half, "the tax we are talking about will be reduced to 40 percent in the cooperatives."

"The tax has been designed to favor the cooperatives," he said.

Fidel referred to what had been proposed by Viquillon and Tomasen as concerns the cost of coffee and cacao in the mountains and said that the law itself

establishes the principle whereby the State Committee for Finance may reduce taxes. And he said: "These same taxes in the mountains, just think: On coffee and cacao they would be reduced to half or a third or zero in the mountains. It can be done.

"Taxes are now in part instruments of cooperativization, which is important. Because we see with absolute clarity that the future lies in the cooperatives, the future of the rural population, unquestionably."

Fidel added that differences in production and productivity and the opportunities the cooperatives have, including the chance to improve living conditions, are obvious and he said that it is pointless to earn a lot of money isolated on a hill or on a parcel of land without water, without electricity. "This is the story of the miser who hoards his wealth without resolving anything," he said. He noted that really urban living conditions can be maintained in the cooperatives. In rural areas civilization is what the cooperatives bring with them," he said.

He emphasized the fact that in this case taxes are instruments that can help the cooperative movement, "but I really think that, if the country wants to keep people in the mountains, we will have to thoroughly study what has to be done in the mountains in terms of materials and the economy so that life in the mountains will attract people."

"Perhaps we will have to raise the price of coffee," he noted, "of cacao, reduce taxes and do a lot of other things, but I believe that, if we do not really recognize this and do not do everything we should do, the battle will be lost before we start because they will have left the mountains.

"The young people have gone or are engaged in thousands of other activities, or are in the armed forces, the merchant marine, with the fishing fleet or in school; some are technicians and others are combine operators, truck drivers or live in the plains."

Fidel said that this serves to get us to realize that the problem must be attacked in a global way, as a whole, among all those parties having an interest in the mountains, and he enumerated the park, reforestation and those agencies that have to do with logging, environmental protection and agriculture.

"In short, all these parties have to participate, make a serious analysis of the situation and say: This is what has to be done, this is what we can and should do to save the mountains."

Then he said that it was clear to him that the mountains should provide us with coffee, cacao, forests — and forests associated with recreation, tourism and camping — and self-sufficiency for the farm population residing in them.

"These ideas are very clear for me," our commander in chief was emphatic.

When he was asked what should be done there, he said that we must certainly begin to look into what has to be done there, but quickly. "We have to find an answer before the year is out," he directed.

The assembly warmly applauded these statements.

Attacking another issue in his speech, Fidel proposed that he continue a little debate with the Republica de Chile Cooperative and said that what Comrade Acosta had said at the congress was very interesting because what they had done was doubtless a feat. "This was one of the first cooperatives. We started it with a settlement which we were in no position to extend to other cooperatives. They began with a large number of problems. The cooperative was in bad shape and they gave it a tremendous boost," he said.

And he added that the cooperative is turning itself into a big producer of tobacco, stew vegetables, guava, everything. He noted that the members of this cooperative are doing a fine job of working the forests, "and they are working the corn stacks there too."

"They have done an impressive job," he recognized, "They already have 180 caballerias and 360 members. But there was some discussion about the club."

He remarked that, if he was talking about this, it was because he thought that the cooperatives constituted a potent force but, while they are a potent force, "we must at a very early point avoid any kind of deviation on the part of the cooperatives which might distort our concept of them."

"I believe that Pepe yesterday," he went on to say, "with great courage, clarity and honesty addressed the problem of this business having to do with feed to Comrade Orlando of the Niceto Perez Cooperative, which is a model cooperative. In this country we unquestionably have a very limited supply of feed and what we have to do is spend more hard currency. And there can be no doubt that maximal conversion of feed into meat is obtained on a modern, well-organized farm. And we rank among the best in the world in terms of conversion of feed into meat. Then too, in the domain of agriculture we are testing a Czech variety that is producing a conversion rate of 1 kg of meat to every 2.2 or 2.3 kg of feed. Almost 2 to 1: 2.2 or 2.3 to 1. Of course, this is a feed that seems to be rich in energy, one containing about 4 percent fat."

Fidel pointed out that for many years now, through genetics and technology, we have been obtaining a high conversion rate on state farms, and he said that it would not be very sensible to develop this production on a small scale at the cooperatives.

"The proposed plan for self-sufficiency," he reminded us, by way of asserting the fact that, if it has more feed, this could help the cooperative, "favors our helping agriculture," but cooperatives should unquestionably develop their poultry farming essentially with their own resources.

Referring to hog raising, he noted that it should be fundamentally developed with the farm's own resources "because the nation does not have feed at its disposal and what is on hand can be put to much better use in terms of the productivity and conversion rates obtained on the farms."



he said that in the countryside hens still go looking for a particular kind of food, eating a bit of grain, an insect, a worm.

"As for Acosta, I would like to talk about the clubs. We have already discussed the clubs once," he said. He recalled that he had said to him: "You have to form an agricultural production cooperative, not a commercial cooperative or a commercial enterprise."

"I believe that, if there is a cooperative that has its own club for the cooperative, I believe that it is a right and an unquestionable prerogative of the cooperative to have its own club and do what it ought to do in it. If anyone wants to give a party, he can give a party in his home. What he may not do is turn his home into a bar."

And he had asked Fidel "But what happens to a club that is located on a roadside?" To induce an immediate response, [he added]: "When we gave a party, everyone from 20 different locations — who were not members of the cooperative — came to it."

"O.K., now they grow guavas, mangos, God knows how many other things, and supposing they were to neglect their duties and wind up being a commercial cooperative, were going to earn more money selling guava frappes than growing tobacco. And I said: You have to be careful about this, because the cooperative cannot be allowed to wind up as an INIT [expansion unknown]. The cooperatives are agricultural production cooperatives."

"Within this framework, we now have to take a look at the club, how it should be run. When there is a club in a cooperative it is only natural for them to buy products and things they need and have parties, because these are prerogatives of the cooperative. We may also look into what we should do about trade when it is conducted within the cooperative. The world will not come to an end because the cooperative maintains its own store. Let's study this matter because each of these things has to be studied due to all the implications they may have."

The head of the revolutionary government stressed the fact that the cooperatives may not go beyond their area, their sphere of action or their reason for existing: the fact that they are agricultural production cooperatives.

He added that they are so powerful "that I have no doubt that the Republica de Chile might wind up building a tourist hotel." He said "that we don't want them to wind up building a tourist hotel or a bicycle factory" and insisted on the fact that "that is not the objective of the cooperative."

Fidel said that the Sixth ANAP Congress was a congress of cooperatives. "The power," he said, the morale and the spirit which the cooperatives are already distilling is such that the spirit of the cooperatives has prevailed at this congress.

"However, from now on it is important for us to have a clear idea of their objectives, to see to it that distortions and deviations are not created."

He made it clear that what he had said did not exclude the possibility — far from it — that a cooperative should have its own club and run it itself as long as it is an institution that serves the cooperative. "I am also ready to discuss whether a cooperative may have its own store, but don't take this as a promise because we have to study each of these things carefully to see what consequences and what implications it may have.

"But this is not an idea which we have to a priori be afraid to analyze and discuss," he said.

Fidel noted that he had been talking about the housing problem with Comrade Pepe and cooperative residents to the effect "that a cooperative settlement should not become just any old settlement and that from now on and for a long time to come they should see to it that cooperative housing is for cooperative members, their families and cooperative pensioners, but not that a resident devotes his time to some other occupation or has nothing to do with [the cooperative]."

He added that this has happened more than once with settlements built by the revolutionary government on farms and he said that they had to be constantly on the alert with regard to the issue of communities. He recalled that a small settlement was set up near Pedro Betancourt on a sugar cane plantation and, afterwards, 80 percent of those who lived in it had nothing to do with the plantation.

"I believe that the rural communities in which farm workers live should be related to agriculture and the people in them should work on the agricultural enterprise in question."

The head of the revolutionary government said that, if steps were not taken with regard to this matter, with the passing years this would happen and it would be a sad fact that in the future 50 percent of our cooperative residents would have nothing to do with the cooperatives. "From now on we will have to think about this and anticipate and find solutions to the problem," he said.

Fidel said that he had been talking to Pepe about the fact that it was a pity that this was a 3-day congress because it should have been at least 4 days long so that the discussions might have been even more extensive "and our experience might have been enriched, our knowledge of the interesting matters that are being discussed here and proposed, the earnestness, the depth and calmness in terms of which everything is being discussed."

"I believe it would be a good thing in the time left to us," he indicated, "which is not much, to take 'the bull' by the horns: the 'bull' of taxes and the 'bull' of the free market and all those things."

He said that prior to the congress lengthy meetings had been held so that there would already be a number of ideas for the congress to study. "This does not mean," he explained, "that these ideas are inflexible; the congress may exert an influence on some of these ideas."



He added that, after lengthy study and discussion, we have arrived at some judgments on this and these are the approaches Pepe spoke of, which we would like to have specified for the congress: the cooperative law, crop security, social security, the notorious issue of taxes, the free market, some 10 points in all.

"I believe that we should use the time left to us to take this 'bull' by the horns and may we leave here satisfied," Fidel concluded.

#### Keynote Speech Approved

The fourth work session, held yesterday afternoon, concluded with the unanimous approval of the keynote speech, enriched with suggestions and proposals from the delegates in the course of the extensive and democratic discussion.

During this session Fidel spoke on the topics of the Rural Free Market and the cooperative movement. In connection with the latter, our commander in chief recognized the fabulous progress this movement has made, a fact confirmed by listening to what the congress delegates had to say, adding that the cooperatives' achievements in terms of production are impressive.

One motion made by Pepe Ramirez at the close of this very session and also unanimously passed was to grant a vote of confidence to the new ANAP national administration so that it may continue to study and collect opinions from among the farmers for the purpose of improving the bills that were discussed at the great event and also the new regulations governing the Rural Free Market.

Prior to the beginning of the debates yesterday afternoon, the congress passed a motion to postpone the departure of the delegates until the 19th in order to devote more time to debate and discussion at the event.

Adolfo Garcia, the president of the Augusto Olivares CPA of Jovellanos, said that his cooperative had committed itself to Fidel to obtain 120,000 arrobas [1 arroba = 25 pounds] of cane per caballeria (in unirrigated farmland areas) this year and that this was fulfilled on 31 caballerias that had been harvested. "In addition, it had made another commitment to come to this congress," Adolfo said, "with 100 caballerias already under cooperative operation and we have met that [commitment] too."

Adolfo recognized the role performed by the competition the Augusto Olivares is engaged in with the Ignacio Agramonte CPA of Ciego de Avila and how it has influenced them in terms of obtaining such high crop yields.

At Jose Ramirez Cruz' request, Garcia reported on the Rural Free Market, a topic that accounted for part of the talks yesterday afternoon. He described the prices of products offered on it as criminal and said that this greatly prejudices the worker-farmer alliance.

For his final topic, he spoke about taxes on cooperative gross production and social security for farmers, issues that were raised later by several CPA delegates at the request of the commander in chief, among them Elias Gonzalez,

Enrique Arencibia of Las Tunas, Anibal Cuesta of Camalote, Felipe Sardinas of Matanzas and others.

Felix Ricardo, the president of the Carlos Diaz CPA of Florida in Camaguey, reported on problems relating to the concentration of cooperative acreage for the purpose of ensuring stable development of the cooperatives during this 5-year period.

As for the Rural Free Market, he said that it can go on operating but that the congress ought to declare itself in favor of devices for controlling it which would enable them to maintain prices that are not abusive. Discussing the tax bills, he said that he was worried that they might not be able to control the excessive rising cost of products.

After that, Roberto Soto of the Isle of Youth made a motion to extend a vote of confidence to the ANAP and the government so that they could implement the bills that are being discussed in this congress' committees pertaining to social security, sharecropping, the Rural Free Market and taxes.

He argued in favor of this suggestion, saying that the farmers have full confidence in their association, the party and the government.

Regarding the Rural Free Market, Soto said that it was necessary to preserve the prestige of the farmers because they are honest, because they grow things for the people, because they are allies of the workers and should not be confused with unconscionable people.

Domingo Garcia of Jatibonico in Sancti Spiritus expressed the same opinion. He too said that they ought to work to see to it that by the next ANAP congress 100 percent of the farmers are cooperative members and that it will be the first ANAP cooperative congress. This idea was received with loud applause.

The vice president of the Amistad Cuba-Mongolia [Cuba-Mongolia Friendship] CPA of Limonar in Matanzas proposed that they send a fraternal and solidary greeting to the people of El Salvador from all Cuban farmers in support of the just fight they are waging against their imperialist oppressors. He also declared himself in favor of the donation of a day's wages for the financing of the MTT.

Manuel Lopez, the president of the 17 de Mayo CPA of Quivican in La Habana, said that he had attended all the previous farmers' congresses except the Farmer Under Arms Congress and that he had never before heard more collectivist and less individualist statements than today's.

He launched an appeal to extend full support to the mountain farmers, among whom women are the ones who work the most.

He said that all farmers are in the best position to help the mountain farmers and to go there to work on housing. He proposed that this readiness be expressed in the form of a resolution by the congress for which purpose he himself led the voting in the midst of loud applause, a resolution that was unanimously approved.

After that, Idalia Perez, the president of the Antonio Maceo CPA of Cifuentes in Villa Clara, who was the first woman to head an organization of this kind, spoke about social security. In connection with this, she pointed out that it is necessary for us to resolve these problems since there are many aging landowners who are afraid to sell or join a cooperative because they think that once the money from the sale has been exhausted they may be left destitute.

Later she reported on the successes of her cooperative, which is devoted to growing sugar cane. She explained that it was formed shortly after the Fifth ANAP Congress with 6 caballerias and 18 members, who had individually obtained 59,000 arrobas of cane per caballeria on their lands and who a year later obtained 101,000 with the new methods of collective production.

Angela Matos, the president of the Tamara Bunke CPA of La Plata, Granma Province, was the next delegate to take the floor to report on the efforts the revolutionary government had made to develop the mountain regions and, in connection with this, offered as an example the area within which her cooperative is located, where a hospital is soon to be inaugurated, housing has been built and the problem of running water solved.

"The revolutionary government has indeed come to the mountains, and all over in them, but, in order for it to continue to reach all parts of the region, all of us have to give more of ourselves, contribute more, integrate ourselves more into the more effective methods of farm and livestock production," she said.

Elias Gonzalez, the president of the Revolucion de Octubre Cooperative of the town of Baragua in Ciego de Avila, reported on tax regulations for competing on the Rural Free Market.

He expressed his opinion regarding the adoption of peak prices for products, prices that will serve as incentives for the cooperatives as well as individual farmers and hence in future be subject to taxes. He furthermore declared himself in favor of strict and rigorously controlled plans for sales to the government, designed to bring to the market only surplus production.

Regarding the topic the president of the Ciego de Avila CPA was talking about, Commander in Chief Fidel Castro took the floor, offering a few thoughts on the Rural Free Market, the regulations that ought to be imposed on it and the immediate and median-term future of that institution, noting that we have to go on discussing these matters and listening to opinions in order to arrive at the most appropriate solutions.

The last talk of the afternoon session was given by Jorge Batista, the president of the 17 de Mayo CPA of Banes in Holguin, who spoke for 45 minutes, at times interrupted by heavy applause because of the frank and clear way in which he tackled various much-debated problems at the congress.

He announced that his CPA had come to this congress with 70 first-rate caballerias under cooperative management and fundamentally devoted to the

cultivation of plantains. He said that they were receiving a lot of help from the CENSA [National Animal Health Center] and the MINAG [Ministry of Agriculture] in obtaining very high quality seed.

Batista wanted to discuss bookkeeping problems because no one had done so at this congress and because he recognized that there was great need for having an accountant or an economist who is familiar with bookkeeping, costs, expenditures, audits and economic analysis in order to be able to maintain effective management. [He felt that] this should be combined with direct contact with cooperative members and active and democratic discussion at the general meeting.

Batista vehemently stated that the cooperatives are being formed to feed the people and all farmers understand this, because they had no land before and they do today thanks to the revolution. He also urged all farmers to join the CPA's because the land they today hold was given to them by the revolutionary government at the cost of a great deal of the Cuban people's blood, shed over more than 100 years of fighting.

Pep Ramirez congratulated him on his speech.

#### Night Session

When the congress reconvened following a brief recess, delegate Angela Matos, the president of the Tamara Bunke CPA of La Plata, presented Commander in Chief Fidel Castro with a gift from the farmers of Guisa consisting of a framed ANAP logo composed of snail shells and seeds from the Sierra Maestra and sand from Las Coloradas.

Then Ernest Rene Gonzalez of the Antero Regalado CPA of Mariel moved — and the motion was unanimously approved — that the Sixth Congress, in the name of the Cuban farm family, adopt the proposal of the Santiago militiaman formulated last 16 April and concerning a contribution for the permanent financing of the MTT.

Antonio Gonzalez of the Ignacio Agramonte CPA then presented Fidel with an album containing the achievements of the CPA's.

Orlando Barrios, who directed the proceedings of this session, later announced the presence of Comrades Marina Trujillo, Rosa Hernandez and Marta Rodriguez, the widows of Niceto Perez, Romarico Cordero and Antero Regalado respectively, as guests of the congress and to whom he extended a fraternal greeting from all the delegates.

#### Vote Held on New National Committee

Marcial Reyes, the chairman of the Election Committee, was responsible for presenting the list of candidates for membership in the ANAP National Committee, composed of 116 comrades.

The results of the balloting will be made public at this morning's session.

#### The Inauguration

Loud applause greeted our Commander in Chief Fidel Castro's entrance at the general meeting during the inaugural session of the Sixth Farmers Congress on Saturday.

Immediately afterward, the banners of Cuba, the ANAP and the Sixth Congress, carried by an MTT detachment, entered the hall to make way for the notes of our national anthem and open the first work session.

Leopoldo Ariza, the first vice president of the ANAP, took the floor and reminded his listeners of this 17 May, on which date the 23d anniversary of the promulgation of the Agrarian Reform Law, the 21st anniversary of the creation of the ANAP and the 36th anniversary of the assassination of farmer martyr Niceto Perez will be celebrated.

He announced that 1,019, or 98.3 percent, of the 1,036 elected delegates were present. Of the total number of delegates, 762 are rank-and-file delegates, 4 percent participated in the First ANAP Congress, 7 percent in the Second Congress, 10 percent in the Third Congress, 18 percent in the Fourth Congress and 28 percent attended the Fifth Congress.

"Our organization," Ariza said, "has strengthened the bonds of friendship with the agrarian organizations of other peoples," and then he saluted the presence at the congress of about 60 delegations from 50 countries whom the delegates accorded a warm ovation.

Then he moved that the congress be chaired by our Commander in Chief Fidel Castro, the members of the Politburo and Jose Ramirez Cruz, a motion that was unanimously approved.

He also submitted the agenda for approval and the work committees, which were approved, and yielded the floor to Juan Jose Leon, the vice president of the farmer organization, who directed the first work session.

Jose Ramirez Cruz, an alternate member of the Politburo and president of the ANAP, then took the floor and presented the congress with a summary of the keynote speech, in which farm sector achievements, chiefly the progress the movement has made toward more effective methods of production, are reflected.

#### Salute from the Mass Movements, FAR and MININT

At the conclusion of Pedro Ramirez' speech, there was an emotional moment at the congress when representatives of our Revolutionary Armed Forces (FAR), the Ministry of Interior (MININT) and the mass organizations entered the conference hall and accorded a fine salute to the congress participants.

In the midst of such a propitious atmosphere, poet Jesus Orta Ruiz, "the Nabori Indian," took the microphone and read a poem dedicated to the congress, "Rural



Ode in Two Tempos," which deeply moved those attending the event because it sums up the peasant sadness of the past alongside the fine effort for the future of the farmers of today. After his reading, "the Nabori Indian" was embraced by our Commander in Chief Fidel Castro.

#### Over 40 Delegates Spoke During the Discussion of the Keynote Speech

Discussion of the keynote speech began with a speech by delegate Antonio Cabrera Yabona, the president of the Mario Gonzalez CPA of San Cristobal, who reported on the development of coffee growing in the mountains.

Among other things, he said that 10 of the 12 CPA's in his mountain town are coffee growers and reported on that aspect of their work with the farmers aimed at improving crop yields.

Another talk in which the work of the farmers was described was made by Elias Gonzalez, the president of the Revolucion de Octubre CPA of Baragua in the municipality of Ciego de Avila.

#### On the Rural Free Market

In another part of his talk, Elias Gonzalez discussed the Rural Free Market, about which he had to say that "at first we, as a cooperative, opposed competing on the Rural Free Market. We could not conceive of CPA's, which advance along socialist lines of production, as including in their way of thinking the economic means of selling goods at high prices."

He then said that the solution to supplying our population does not lie in a free market, offering as an example his town of Baragua, "which we can very easily supply, but there are other towns and provinces that do not have the same characteristics as ours and their production force is not comparable to ours."

In connection with this, he said that only the CPA's, making an extraordinary effort and seeking to recover more thousands of quintals per are, seeking reserves, working with more efficient agricultural techniques and applying to farming all the resources we have available to us today, and more efficiently and more exactly so, the nation's cooperatives and the state farm and livestock enterprises can extract from the land immense volumes of products and place them at the disposal of the revolutionary government, which can equitably carry out a generalized distribution of these products to all Cubans.

The Baragua cooperative member also said that the farmers had come to the congress with the fighting spirit that is typical of them. "We do not bring with us demands on any material issue nor do we make any demands regarding the prices of our products," he exclaimed, going on to say that, "as farmers, with what we earn and with the prices we get for our goods, we have enough to live decently and we do not, therefore, need to acquire more wealth, because we are rich in awareness, we are rich in dignity, we are rich in sovereignty and we are rich in patriotism."

Delegate Miguel Jimenez, the president of the Miguel Samparan CPA of the town of Colon in Matanzas, requested the floor.

The next speech was delivered by Orlando Gomez, the president of the Niceto Perez CPA, in Guira de Melena in the province of La Habana, which was formed in 1979 with 10.78 caballerias and which grows stew and garden vegetables, although its basic crop is grass for feed. He gave details, along with sample figures, on the increases in production volume they have been obtaining and said that he thought that this was one of the reasons why Commander in Chief Fidel Castro visited them in May of last year.

#### Pepe Ramirez' Speech

At this point in the session, Pepe Ramirez took the floor to discuss some of the statements made by Orlando Gomez, "not with the intention of differing with you on the spirit in which you stated matters, but rather to clarify things so that there can be no doubts here."

He recalled certain statements of Orlando's when the latter said that, if they had no more than 80 percent of the fuel [needed], the production quota should be limited to 80 percent of the area. He described this proposal as "dangerous if we were all to take that route" because of the fact — Pepe Ramirez explained — "that we are a threatened country and the point has been raised that this country could be subjected to a total blockade, a naval blockade, there could be an attack, there could be no fuel, and that is why we cannot stop producing."

The ANAP president said that every time a CPA has been formed, they said to themselves: Let us not kill the oxen; let us not go and fetch the yoke as firewood for the stove; let us not throw away the yoke pads and chains; let us not go and burn the plow.

"I also think that, although we are not at war and are not under a naval blockade, while the country does not have all the resources [it needs], the farmers' attitude ought to be that we have to produce with what we have and invent to produce."

Pepe Ramirez made it clear that "I understand what you are saying and I believe that it is right to see to it that our plans are provided with the greatest possible assurances, but despite this not everything can be determined by a plan so perfect that everything can be 100-percent guaranteed."

Supported in the view expressed above, he said that it was well that it had been made clear to all the delegates — "and when we say this to the delegates we are saying it to all the farmers in this country," he underlined — that, if there are limited supplies of fuels and fertilizers, as is now the case with herbicides, "we cannot afford the luxury of asking for herbicides, no more than we can develop hog raising by thinking that we may be guaranteed feed."



"What we have to do is to know how to think and be inventive," he said, "in order to increase production."

He emphasized that it is well to plan as much as possible, but always with an inventive mind and to implement the initiatives that lead us to victory in all cases.

#### Cane Harvest and Cooperative Movement in Sancti Spiritus

The next speaker was delegate Arcadio Perez Cruz, the president of the Reynel Paez CPA of Sancti Spiritus, who spoke about the cane harvest and the cooperative movement in that town. He said that, when the Fifth ANAP Congress was held, "we had no cooperatives and today our town has 11 cooperatives and 80 percent of our land is under cooperative management; it is one of the first towns in the country to have over 1,000 caballerias under cooperative management."

As for the cane harvest, he said that everything is progressing in a much more organized fashion now.

#### Beans in the Velasco Area

Delegate Roger Mora Gonzalez, the president of the Congreso Campesino en Armas [Farmers Under Arms Congress] CPA of Velasco in the town of Gibara in Holguin Province, who described the report read by Pepe Ramirez as brilliant and said that it covers the activities of the farmers during the period it assesses, spoke about beans in the Velasco area.

He noted that it is no secret to anyone that, with the introduction of the high-yield varieties, we may say that "our town obtains over 520 quintals of beans per caballeria by utilizing the ICA [Institute of Animal Science]-Pijau, Guira-31 and long Velasco varieties." He said that in 1981 and thus far in 1982 they have been afflicted with a severe drought, "which means that the bean harvest engaged in in December-January of last year had to be produced on the basis of irrigation, because not even a millimeter of water fell that might have served to help the 8 or 11 waterings they had to devote to this crop."

#### Women in the CPA's

Raquel Morales Morales of the Jose Azcanio Perez CPA of the town of Baragua in the province of Ciego de Avila, requested the floor to report on women's participation in the CPA's, their organizational operation and their role in the incorporation of farmers and their families into the CPA's.

#### Second Session

The first delegate to speak at the second work session of the congress was Juan Antonio Costa, the president of the Jesus Menendez CPA of the town of Carlos Manuel de Cespedes in Camaguey. In his speech he announced that the CPA already has 132 caballerias of land, 120 of them voluntarily contributed and the 12 remaining ones purchased.

Ruperto Ramos, the president of the Gilberto Aguilar CPA of the town of Vertientes in Camaguey, said that the Batalla de las Guasimas Sugar Mill, which has already completed its cane harvest with a great saving in oil, was built on this land.

Reporting on local conditions, he pointed out that this area in the southern part of the province is muddy, difficult to get to and practically isolated. However, the revolutionary government has built highways and roads, provided electricity and built a sugar mill.

In a dialogue with Pepe Ramirez, he admitted that they still have low cane yields in his CPA, but they have committed themselves to raising them soon since they are already working with the new planting methods. He also said that there was a long drought in his town this year which may affect the planting and growth of the cane.

As for the coffee harvest, he said that you have to work with persistence since yields are still low in the province and this affects the country's yields. As to the reasons for the low yields, among others he noted that there was little application of technology on the coffee plantations.

As regards social security for the farm sector, he said that this was a long-standing desire that has now been fulfilled thanks to the revolution. Social security for farmers is already a reality that very few throughout the world can boast of.

And lastly he said that, carrying out the mandate of his CPA, he was turning over a check for 5,000 pesos to Comrade Fidel as a contribution from the members of his CPA for the financing of the MTT.

After that, Daniel Perez Corrales, the president of the Ciro Frias CPA of Granma Province, who stated that he fully agreed with the report, spoke and then discussed the problems of the coffee harvest and reforestation.

Fraternal Greeting from Soviet Cooperative Members

Then U.K. Yakovenko, the vice chairman of the board of directors of Centrosoyuz of the USSR, extended the greetings of all Soviet cooperative members to the congress.

In his speech he said that Cuba is at the present time resolving problems stemming from the technological and economic backwardness inherited from the former capitalist regime and is successfully carrying out the resolutions of the two Cuban Communist Party congresses, bearing in mind the chief objectives of production and defense.

Then he asserted: "We rejoice at your achievements, but at the same time we know that they are only a phase in your progress toward a luminous future, toward the highest forms of organization of labor, toward the most perfect production techniques, that is, the collectives."

Rudel Navarro, the president of the Hermanos Castillo CPA of Coralillo in Villa Clara Province, was the next delegate to speak.

#### The Situation in the Mountain Areas

Delegate Carolos Almenares, the president of the Carlos Rafael Almenares CPA of San Luis in the province of Santiago de Cuba, then spoke and began his talk by explaining that his cooperative — which is a mountain cooperative — was formed in October 1978 with 21.9 caballerias and 36 members and that, following an extensive effort made in honor of this congress, they now had 200.6 caballerias, fundamentally devoted to cattle raising, and 236 members.

He expressed great concern over the fact that the mountain areas are being vacated and that it will be impossible to successfully implement the coffee harvest programs if this situation continues. In connection with this, he said that in the mountains the only way of successfully implementing any kind of production plan is for people to live there and, with this in mind, he proposed the need for making a great effort, relying on aid from the government, to create villages in these areas which will guarantee the necessary labor force.

Almenares described his experiences, stating that in the mountains you cannot work more than 3 or 4 km from where you live because you lose a lot of time in traveling from one place to another.

Another problem raised by the president of the Carlos Rafael Almenares CPA was the one relating to the need for favoring a concentration of parcels in the mountain cooperatives, since generally speaking they are widely scattered and this prevents them from achieving a better operation.

At Pepe Ramirez' request, Almenares reported on the achievements of his CPA, which can be summed up as its having on the latest economic balance sheet come up with a cost figure of 66 centavos per peso of production, the sale of 210 head of beef cattle and 238 head of breeding stock and the outlook they have for launching a reforestation program in their areas.

The next delegate to speak was Nidiam Frometa of the Domingo Hernandez CPA of Valle de Caujeri in Guantanamo, who reported on the advances made during the past few years in their area, especially after forming their CPA's, which were originally seven but are now three following the culmination of a process of unification.

This delegate felt that one of their successful achievements was the construction of housing units in the valley and stressed the support they had received from different agencies and the contribution their own cooperative members made in the construction process.

And lastly he said that the farmers of Guantanamo are ready to take up arms at any moment and under any circumstances to defend the Cuban revolution and its victories.

Then a delegate proposed that the congress congratulate the Cuban boxing team that won its third world championship in Munich in the FRG, obtaining five gold medals and one silver medal in the final competition.

#### Arnaldo Milian Speaks

Then Arnaldo Milian Castro, a member of our Communist Party's Politburo and minister of agriculture, delivered a special speech at the farmers' congress.

After saluting the farmers and cooperatives in the name of all MINAG workers and technicians, the minister reported that several important achievements had already been made in various production sectors in which high yields are being maintained and new goals may be proposed.

He said, however, that there are other products that are very necessary as sources of food for the country and for export which they have not succeeded in stabilizing.

Of these products, he spoke first of the coffee sector, which shows instabilities in farm sector sales to the state. He pointed out how necessary it is to achieve high yields to correct this situation and gave as an example those farmers who have resorted to technology and have succeeded in obtaining over 100 quintals per caballeria.

Milian cited three conditions required to definitively solve the problem of coffee yields: develop cooperativization in the mountains, employ technology properly and renovate old, run-down coffee plantations.

With regard to tobacco, he said that during the past 5-year period there was a drop in production and at the end of the period the blue mold infection mysteriously appeared. In connection with this, he appealed to them to go on employing technical standards with this important crop to avoid new difficulties and achieve the high yields of 1976 and 1981.

He also reported on the work being done toward mechanization of tobacco cultivation, from the planting phase on up, and said that they hope to achieve high levels of mechanization in this 5-year period, but that they still urgently require the dedication and experience of the tobacco planters in the cultivation of tobacco.

Milian announced that they will greatly expand bean-planting quotas during this 5-year period.

As far as the aid the MINAG provides for the country's cooperativization is concerned, the minister said that it will be continued, including the granting of land to CPA's to achieve concentration of parcels and operations in the fields of science and technology.

Then two children, Ismael and Angela Maria Perez, of the Niceto Perez CPA of Guira de Melena, delighted the delegates and guests at the event with a song. Pepe Ramirez, who said that they were specially invited to the Sixth ANAP Congress, introduced the children, who were loudly applauded by those present.

Greetings from the People's Agrarian Union of Bulgaria

Lyetla Daskalova, the minister of justice and a member of the administration of the People's Agrarian Union of Bulgaria, conveyed greetings from that organization, its members and its president, Petar Tanchev, to the Sixth ANAP Congress.

"We can with great satisfaction stress the fact," she said, "that the Bulgarian Agrarian Party and the ANAP — that prestigious organization of Cuban farmers, the heir and continuer of their lengthy fighting traditions — offer their worthy contribution to the extension of Bulgarian-Cuban relations, to ever-better understanding between both sister nations."

The Bulgarian leader spoke about how the ANAP is tenaciously working to incorporate the resolutions of the First and Second Cuban Communist Party Congresses into the daily life of the country, for the purpose of solving the problems associated with the assimilation of socialist methods of farm and livestock production as well as the achievements of a free and socialist Bulgaria, which in less than 35 years has turned itself into a highly-developed industrial-agrarian country with high, stable economic growth rates and a flourishing cultural life.

The next speaker was delegate Placido Rodriguez, the president of the Jorge Dimitrov CPA of Amancio Rodriguez in Las Tunas, who gave a brief accounting of how his cooperative was formed and has grown in 2 years time.

This delegate said that during the last cane harvest they cut 400,000 arrobas of cane, that each 100 arrobas brought them 1.82 pesos and that they had already cut 160,000 arrobas and still had some 15 caballerias to harvest during the current season.

He apologized to the congress since he had promised to come to this great gathering of farmers as the head of a CPA with 100 caballerias, which he could not do because 24 farmers had not yet incorporated their land into the cooperative. Placido complained that, while they plant cane for these farmers, help them in growing it, clean and fertilize it, cut it and perform other chores, the farmers do not work their plantations.

As a counterexample, he cited the case of 16 other farmers in the same circumstances, that is, who did not work their lands due to problems of age or health and who decided to join the cooperative. Placido urged the congress to take steps in connection with this situation.

He also discussed the difficulties they have had in connection with the moving of homes for the new CPA villages and requested that consideration be given to the lack of nails and other building materials required for the housing units. He also reported that there are problems in connection with credit for the construction of housing units, which he described as insufficient in some stages of construction.

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## DE LA MADRID CALLS FOR MORAL RENEWAL

Mexico City EXCELSIOR in Spanish 5 Jun 82 pp 1-A, 16-A

[Article by C. Velasco Molina]

[Excerpt] Ciudad Victoria, Tamps., 4 June--We Mexicans still have the capacity for indignation toward the corrupt minority, "the corrupt, whom I refuse to believe are solely within the government, since corruption is a broader and more generalized phenomenon," PRI [Institutional Revolutionary Party] presidential candidate Miguel de la Madrid asserted today.

At the close of the evaluation meeting of the State Administrative Committee of the PRI in the civic center auditorium here, De la Madrid stated that moral renewal in the country definitely "is not puritanical preaching; it is a real political demand which must extend from the family to the government, and each one must assume his own responsibility."

And he stated: "I have said that I am not promising an easy road, since to do so would be demagogic and irresponsible; if the confidence of the Mexican people elevates me to the presidency, the only objective I will pursue will be the interest of the nation, and I will work tirelessly to win with deeds the credibility and support of my fellow countrymen, on whom we will not have to impose the moral renewal of the nation by coercion or by repressive systems."

## Examples Cited

He cited as examples those people in Rio Bravo who are holding lands which were ceded to common landholders and have not yet been turned over to them, Agapito Gonzalez Cavazos, leaders of the CTM [Confederation of Mexican Workers] here and other cases which are, he said, "clear examples."

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## GOVERNMENT INDICATES FINANCING PRIORITIES

Mexico City EXCELSIOR in Spanish 4 Jun 82 p 27-A

[Article by Luis de Cervantes]

[Excerpt] Acapulco, 3 June--The federal government intends to stand by its objectives of supporting the agricultural, industrial, commercial, and tourism sectors, and of encouraging exports and the development of cooperativism, despite the difficult circumstances of the moment. Furthermore, it will not cut the amount of financing planned before the adjustment of public spending, reported Undersecretary of Finance and Public Credit Antonio Enriquez Savignac today.

He also discussed the sector-by-sector financing program at the closing session of the 40th National Banking Convention. At the end of the convention the head of the Secretariat of Finance referred to the realistic attitude with which the issues were analyzed, and the agreement between what was said and what is being done and will continue to be done. He also said we should be aware of where we are, what problems we face and what possibilities the country has.

Enriquez Savignac presented a list of the programs designed to solve present problems, without losing sight of the great national objectives, but avoiding high costs. The Trusteeships for Rural Activity (FIRA) program will channel 65 billion pesos into the agriculture sector, of which 55 percent will be short-term loans and 45 percent farm loans for the formation of production units.

The trusteehips, working within the Mexican Food System and the National Commodities Program, will spend 56.38 billion pesos (87 percent) on the production of basic goods, especially grains for popular consumption; 4.785 billion pesos will be spent to support the creation and modernization of small and medium agro-industrial firms; and 3.848 billion will go toward the promotion of the production of exports.

Fopropa will stimulate the production and marketing of commodities to protect the real consumption capacity of the general public, with resources that, by their nature, will be the effective equivalent of 35 billion pesos.

The Fund for Guarantees and Promotion for Small and Medium Industry (FOGAIN) is supposed to support more than 10,000 businesses with 32.58 billion pesos. The General Financing Program will be budgeted 25.08 billion pesos; the Diconsa Program of the Government Basic Commodities Company (CONASUPO) will receive 3.5 billion to support the manufacture and marketing of basic goods; the National Commodities Program will obtain 2 billion; the pharmaceutical industry will have financing available to it amounting to 1.6 billion pesos, while the program to combat air pollution will be allotted 500 million pesos.

#### FOMEX to Spend 85 Billion

Since the greater export potential resulting from the exchange rate adjustment will to a certain extent make up for the reduced growth in internal demand, overall financial resources totaling 84.25 billion pesos will be spent through the Fund for the Promotion of Exports of Manufactured Goods (FOMEX) in order to sell manufactured goods abroad. Of that amount, 58.692 billion will be earmarked for exports, and 25.558 billion will be used for import substitutes.

The country's industries will be encouraged to purchase equipment, considering that in the next few years we can aspire to regain our normal rate of growth. For this purpose, Fonei will finance 153 projects with 9.76 billion pesos. Also, credit operations with participating banks will be discounted for 7.932 billion pesos, so that the balance of the discount portfolio will reach 16.5 billion pesos by the end of the 1982 fiscal year.

In view of the favorable situation encountered in the tourism sector during the post-devaluation period, Fonatur will budget 9.942 billion pesos, of which 20 percent will correspond to the development and outfitting of tourism centers; 56 percent to the financing of tourism investment; and 15 percent to tourism support investments.

The Commercial Development Fund, which this year will continue its efforts to improve marketing channels within the productive structure, is also included. Therefore, it will authorize 4 billion pesos, of which 40 percent will be earmarked for merchant associations; 30 percent for commercial centers and retail distribution centers; and 30 percent for other aspects of the commercial infrastructure.

Finally, the Fund for the Promotion of Cooperative Societies will contribute 1.79 billion pesos to 120 cooperatives, with 22,000 members. Food products and commodities will receive a special allotment of 1.52 billion within the grand total in this category.

Independently of these programs, there are other financial funds that operate without the participation of private and mixed banks, such as those of municipal development, water and sewerage, low-income housing, agro-industry, rural infrastructure projects, and the Sugar Trusteeship, among others.

Antonio Enriquez Savignac told bankers that in achieving the goals of this administration, financing has played a key role both because of its rapid

growth and responsive capacity, and because of the orientation of credit resources toward the priority areas of the economy. The financial funds, he emphasized, have been an important and flexible part of the selective credit allotment policy.

8926

CSO: 3010/1744

## WARNING TO BUSINESSMEN, DENUNCIATION OF PUEBLA

Mexico City EL DIA in Spanish 5 Jun 82 p 3

[Article by Heliodoro Cardenas]

[Text] The presidential hopeful from the Socialist Workers Party (PST), Candido Diaz Cerecedo, gave employers an ultimatum to avoid scarcity and unemployment. "Either you produce and control the prices of your products, or we, the workers, will take over your businesses," he said.

On the seventh day of an electoral campaign in the northwest part of the country aboard the train "Northern Division," the candidate stated, at a meeting held on the San Luisito bridge in this city, that 6 years have demonstrated that the alliances with businessmen have not solved the country's problems, but on the contrary, have worsened them and have produced a larger concentration of the wealth in detriment to the great majority of the people.

He proposed that the government should join with the workers and take control of the economy, thus guaranteeing that the workers and the peasants can fully enjoy the fruits of their labor.

"This would be the fundamental solution to the problems that affect the majority of Mexicans," he added, "since the private businessmen have demonstrated their inefficiency and incompetence."

At the same meeting, Diaz Cerecedo denounced the massacre that the white guards of the latifundists in Puebla's northern mountain range perpetrated against the village Progreso de Allende, and he added that due to the isolation of the place complete information on what happened is not available, but that they know that several peasants have died.

Before the meeting, the candidate for the workers' socialist party paid a visit to the governor of the state, Alonso Martinez Dominguez, to whom he announced that his party is ready to collaborate with his government to promote all the activities that would benefit the inhabitants of the state.

For his part, Martinez Dominguez thanked him for the visit, the tone of the meeting and the frankness of the PST and said: "This is one of the most important advances of the political reform, that independently of political

"views, we Mexicans can talk and exchange ideas in order to together find the best solutions."

He added that the presence and activities of political parties, especially the PST, help in making one more watchful of one's conduct during public activities, to do one's duty better and to be more careful to do things the way they should be done.

#### They Denounce a Massacre

The president of the PST Central Committee, Rafael Aguilar Talamantes, reported yesterday the murder of 25 peasants by a group of 300 gunmen and white guards at the service of the landowners of the state of Puebla's northern mountain range.

The criminal massacre, as the PST director described it, took place last Wednesday, the second of this month, at approximately 10 a.m. when the peasants were taken by surprise by 200 cowboys and two busloads of people, a band that added up to 300 gunmen and white guards.

The assailants--who carried a variety of firearms, including submachine guns, pistols, carbines and breech loaders--shot without mercy at the peasants who were gathered on the land that they have been claiming from the authorities for some time.

Leading the gunmen were the well-known political bosses and latifundists of the region, Juan Nunez, Sergio Sanchez, Sergio and Marcelo Ibarra, Cirilo Rodriguez, Gilberto and Carlos Marchan and Alfonso Martinez Casado.

The director of the PST explained that nearly 200 peasants, applicants for land, protected by a provisional suspension granted by the district judge and handed to them by a delegate from the Independent Peasant Federation (CCI) whose identity is unknown, decided last 29 May to take possession of the tracts "Progreso de Allende" and "Rancho Nuevo," in the municipality of Pontepec, Puebla, adjacent to Ixhuatlan de Madero de la Huasteca in Veracruz.

Aguilar Talamantes emphasized that the peasants peaceably remained in possession of the two farms that, by presidential decree, have belonged to them since 29 May.

Nonetheless, at 10 a.m., Wednesday the 2nd of this month, approximately 300 gunmen, including political bosses and latifundists of the region, riddled them with bullets as mentioned before (25 dead). The PST director did not specify the number of wounded.

He said that his party demands the intervention of the highest authorities with the aim of clarifying the facts and punishing the guilty.

9907

CSO: 3010/1723

## RURAL SCENE CHARACTERIZED AS REPRESSIVE, VIOLENT

Mexico EL DIA in Spanish 4 Jun 82 p 2

[Text] In several of the country's states, such as Chiapas, Guerrero, Oaxaca and Queretaro, for example, the repression of peasant groups, the theft of their lands with impunity as well as murders and massive arbitrary arrests are the order of the day, sanctioned by political bosses and minor officials.

As a result, the peasant organizations that make up the National Coordinator Plan of Ayala agreed to form a common bloc to defend themselves against aggressions from the landowners as well as against authorities that help support the groups in power.

To this effect, the peasant organizations that make up the National Coordination Plan of Ayala, during the fourth national meeting of this organization, which took place in Juchitan, Oaxaca in August of last year, set forth the following:

During the mid-70's the struggle for land intensified throughout the country; noteworthy in the legal aspect was the recovery of communal lands taken forcibly by the political bosses. This struggle took place as a result of the presidential proclamation of 1964 that licensed and ratified communal holdings.

In spite of this, during the 6-year term of President Gustavo Diaz Ordaz, certificates for small properties were issued, thus impugning that decree.

The legalization of monopolization came about with the law of idle lands. Taking advantage of this, the latifundists registered their own lands, which were legalized by municipal authorities with the consent of the Secretariat of Agrarian Reform and the Secretariat of Agriculture and Water Resources.

The dispossession of the peasant lands, ejidos and communal lands, started with the enforcement of this law.

Now, the cases of dispossession of lands and of repression in rural areas are countless throughout the entire country and accusations of this type exist in all peasant organizations.



During the public hearings that the National Peasant Confederation (CNC) holds weekly in Mexico City, cases like the following ones have been presented:

On 20 May 1981, Jose Salinas Cruz, secretary of the ejidal commissariat in the village of El Poleo, Queretaro, charged that in that village, the presidential resolution dated 28 Jan 1976, which makes 25 peasants of the region the owners of 20 hectares, the same hectares that the political bosses of the locality are trying to steal from them, was not being obeyed.

In the states of Chiapas, Oaxaca and Guerrero cases of repression and dispossession of lands directed against ethnic groups have been reported.

The Chiapas Peasant Bloc, an organization member of the National Coordinator Plan of Ayala, explained:

"Although we, the peasants from Chiapas, are the laborers who generate all the wealth of our state, it is the big corporations like Nestle, PEMEX, the Federal Electricity Commission (CFE), the Mexican Coffee Institute (INMECAFE) and the coffee and forestry companies (in the hands of foreigners) that reap the greater part of the fruits of our labors.

"Along with this, the population of Chiapas, which for the most part is Indian, has always been discriminated against and is treated with a policy of oppression, exploitation, division and dispossession. Its cultural products have been converted into booty for traders such as Gertrudis Duby, who together with those who manage the artisans' cooperative of San Jalobil, have found it to be a center for growing wealthy.

"It is well to point out that after the end of the land distribution was announced in Chiapas, Governor Juan Sabines Gutierrez established an agrarian policy consisting of purchasing lands in litigation, paying high prices to the 'owners' and selling them cheaply to the peasants.

"But this has two counterproductive effects: the fraudulent incursion of supposedly small owners who, as in the case of Simojoval, have turned into real extortionists of the public funds, and the resulting impoverishment and indebtedness of the real peasants.

"Facing this, the Chiapas peasant movement saw the need to form an organization at the state level: the 10th of April Peasant Alliance, in the Villa Flores municipality. But the reaction of the state did not take long and a year after the alliance peasants had promoted the simultaneous occupation of lands, the army, in 1977, evicted 13 communities from the Simojoval municipality and destroyed six villages in Huitiupan.

"In Venustiano Carranza, an ejido that has distinguished itself by its struggle, on 11 May 1976, the army surrounded and fired on that village, especially on the Casa del Pueblo, where the commune members organize. The result of this action was two dead, several people wounded and the torture of those arrested (more than 100 peasants), including children.

"Another incident that stands out because of its brutality was the massacre of the Fifteenth of September Ejido, which took place in the Ciudad Hidalgo municipality on 5 March of the present year. Around 600 men, among them judicial and public security policemen as well as some gunmen led by the landholders of the region, violently evicted the 60 families of the village, resulting in seven dead peasants, more than 30 injured and a large number missing."

#### Triquis Repressed in Oaxaca

During recent years, repression against the Triqui Indians has increased without the regional and federal authorities intervening to try to find a solution to the problems in that region.

Specifically, from 1976 to the present, the town of San Juan Copala has suffered the most brutal repression in its history.

The Triqui Movement for Unification and Struggle charged that during that period there have been murders, burning of houses, persecutions, missing persons and more than 300 orders of arrest and incarceration of Indians by the state police and by hands of gunmen in that region.

It is also stated in the accusation that Antonio Ramirez Flores, representative from the National Council of Indian Villages and from the Institutional Revolutionary Party (PRI) in the region of Triqui, together with Antonio Ramirez Ortega, Mauricio Gonzalez Perez, Mateo Francisco, Casiano Ramirez Ortega and Martin Anacleto Santiago, consultants for Indian affairs before the state government, year after year control the authorities in the locality by using threats and repression on those who oppose them.

This year harassing and repression continue with the systematic plundering of the homes of members of the Triqui Movement for Unification and Struggle (MULT), attacks on the inhabitants of the districts, theft of the coffee crops and burning of the forests in the towns of Cruz Chiquita, Santa Cruz, Pilapa and Rastrojo.

On 10 February Ignacio Martinez and Nicolas Ramirez were ambushed. On 12 March a group of gunmen and state police arrested Juan Librado and Jorge Martinez and took them to police headquarters at Juxtlahuaca, where they were tortured.

On 30 March a commission from MULT had an interview with Jesus Martinez Alvarez, secretary to the state government to discuss the problems created by Copala's local authorities for the population of the town. The official acted despotically and ignored the complaint.

#### Repression is the Order of the Day in Guerrero

In the municipality of Ometepec, the Amuzgos Indian communities located on the least arable land of the region live in conditions of total economic, political and cultural oppression. The Amuzgos from the villages of

Zacoalpan, Barranca Honda and Cumbre de Barranca Honda have in the last few months, started a struggle to combat the high-handedness manifested by the municipal and agrarian authorities of the locality, who favor the political bosses of the region.

The Movement for Revolutionary Struggle reported that in the Piedra Ancha ejido in the municipality of Ometepepec, the handholders Jose Angel de Cueto, municipal president, and Jesus Estrada have in their possession 140 hectares of humid land that, because of a presidential decree, have belonged to the ejido since 1954. Since this date the ejido members have tried to obtain possession of the land, confronting the landholders and the authorities at the Secretariat of Agrarian Reform.

In October 1981, Mr Eugenio Bustos Fuentes, judicial adviser to the ejido members, was able to unravel the legalistic maneuvers by which the Secretariat of the Agrarian Reform (SRA) tried to issue a final judgment in favor of the political bosses. On that occasion Jose Angel Torres and Jesus Estrada threatened Bustos with death if he persisted in going on with the action. On 11 February the attorney was murdered in his own home in Acapulco.

In view of this situation, the peasant organizations that make up the National Coordinator Plan of Ayala agreed to form a united front to defend themselves against aggression by the authorities and repressive forces of the state as well as those of the federal government.

During the meeting that took place at Tuxtla Gutierrez, Chiapas, in March of the current year, it was proposed to form permanent assemblies where they will deal with the most recent problems and discuss the most appropriate strategies for organizing and mobilizing the peasants from the various communities in the country that are the objects of repression.

CSO: 3010/1723

## COMPLAINTS AGAINST PANDAL GRAFF

Mexico City EL DIA in Spanish 10 Jun 82 p 2

[Text] In the public hearing which is held weekly in the CNC [National Peasant Confederation] Feliciano Hernandez Vazquez, representative of 400 joint holders of the Sola de Vega and Zimatlan, in Oaxaca, charged that the president of CONCAMIN [Confederation of Industrial Chambers], Alfonso Pandal Graff--who is also owner of the Compania Forestal de Oaxaca--illegally operates 167,000 hectares of forest and mineral lands of said company.

Feliciano Hernandez complained to Mario Hernandez Posadas, secretary of Agrarian Action of the National Peasant Confederation, that Pandal Graff promised 25 years ago--the time during which he has been exploiting the amount of land mentioned--to construct roads; provide his workers and the joint holders with living quarters, medical services, electric power, in addition to schools and sports centers, promises which to date he has not fulfilled.

At present, he added, the Pandal Graff family is pressuring the state as well as the federal agrarian authorities to prevent the joint holders from being able to form a cooperative--which has been their intention for 2 years--and in this way to obtain credits and legal standing for the exploitation not only of wood but also of minerals.

9673

CSO: 3010/1722

## CHIAPAS WORK CONDITIONS LIKENED TO THOSE OF 'PORFIRIATO'

Mexico City EL DIA in Spanish 6 Jun 82 p 5

[Article by Juan Danel]

[Text] Tapachula, Chis., 5 Jun--Methods of exploitation which prevailed in the days of Porfirio Diaz are now being duplicated in this state where there are laborers who receive less than 25 pesos for a work day of 16 hours; they receive the pay in aguardiente or merchandise.

The foregoing was made known today--the second working day of the First Regional Congress of the Peasant Block of Chiapas [BLOCECH], whose representatives maintained that since 1940 about 2,500,000 laborers domiciled at 50 coffee plantations and livestock farms in the municipality of Simojovel have been exploited.

It was also stated that in 1940 the wages of the peasants who worked in said farms, under a system similar to that at the time of Porfirio Diaz, received wages in the form of cash and aguardiente equivalent to 40 centavos a day; wages were "raised" to 25 pesos for a 16 hour day in 1981, and it is this which is in effect today.

This is only one aspect of the form of exploitation which characterizes the coffee plantations and livestock farms of this area which are owned by foreigners. It was announced also that the landlords give the laborers tasks which take up to 3 days and only pay them the value of 1 day's work. The landlords maintain that "if they don't finish it in a day, it is because they are lazy."

The conditions in which the laborers live is intolerable, they pointed out, since the farm owners do not allow the laborers to realize and satisfy their most immediate necessities; "the overseers beat us with whips to make us work faster and don't even let us eat our beans and stew."

These arbitrary acts, committed by the big agricultural and livestock capitalists of Chiapas, concealed by the state government, at present headed by Juan Sabines Gutierrez, came to the surface when the laborers of the farms Zacatecas, Tres Casas, and Cacaos, protested in a first petition,

and after they approached the offices of Conciliation and Arbitration of Tuxtla Gutierrez, to denounce the exploitation of which they are the object.

The response of the landlords has been immediate death threats to those laborers who persist in continuing their denunciations, imprisoning them on charges of robbery; and harassment such as the warning that they will take the town of Cacaos with the help of gunmen; by this they also intend to oust the peasants who own small parcels of land in that region.

9678

CSO: 3010/1722



## COFFEE PRODUCTION DOMINATED BY SEVEN GERMAN FAMILIES

Mexico City EL DIA in Spanish 5 Jun 82 p 2

[Article by Juan Danell]

[Text] Thirty percent of the national coffee production obtained in the region of Soconusco, Chiapas is monopolized by seven German families who illegally keep 20,000 hectares of the best coffee producing land. Nevertheless, in this region, the Ministry of Agrarian Reform and the federal government, in particular Governor Juan Sabines Gutierrez, insist on denying the existence of mortgageable latifundios.

The above was the initial statement of the first regional congress convened by the Peasant Bloc of the State of Chiapas [BLOCECA], constituent of the National Coordinator Plan of Ayala, at which the attendance of contingents of 22 local ejidos and four ejidos of the north central part of the state is expected.

It is well to point out that the arrival of the contingents was delayed because of lack of transportation, which as Julio Chavez explained, was due to the fact that the owners of the buses who had been contracted to transport the peasants representing those ejidos refused to render the service contracted for several days earlier, arguing that "they received an order from Governor Sabines Gutierrez stipulating that all suburban vehicles of that zone should remain in their yards in order to transport the parties accompanying the PRI candidate, Absalon Castellanos Dominguez, to the state government's offices."

At the congress, it was specified during this, the first working day, that to the extent that the large expanses of land hoarded by latifundists like the seven German families: Luthman, Bernstorff, Kahle, Edelman, Polensz, Luethje and Gieseman, are protected by the state, the peasants, both ejido members and commune members of the region, have been converted into day laborers and peons who are irrationally exploited in the lands that by right belong to them. The salaries paid to them fluctuate between 35 and 40 pesos for a day's work of 12 and even 16 hours.

In the report by the Peasant Bloc of the State of Chiapas (BLOCECH), emphasis was given to the conflicting situation of the Guatemalans without

documents who live on the border between Chiapas and Guatemala and who face two grave dangers:

"During the last weeks, notwithstanding the declarations of the Mexican Government to the effect that no refugee would be forced to return to his own country, the Mexican immigration agents pressed them to return to Guatemala, arguing that since the coup d'etat in that country 'things have calmed down.'"

Nonetheless the Guatemalans without documents who were able to cross the border in the last week of May said that repression in that Central American country had worsened after the 23d of May coup, especially in the rural areas, where whole communities are being massacred.

On the other hand, the oligarchical sectors of Chiapas, BLOCECH asserted, continue increasing the campaign of hate against the Guatemalans without documents, arguing that "the refugees are the principal cause of unemployment, prostitution, murders, plunderings and thefts in this state.

"The truth is," the organization continued, "that the oligarchs and their backers want to blame the refugees for all the evils from which the people of Chiapas suffer, trying by this argument to divert the attention of the Mexican workers so that they won't realize who is really responsible for these problems: the political bosses and the latifundists as well as the cattlemen of the state."

But the problems of the people of Chiapas won't be solved with the expulsion of the refugees, they said, after stating that since colonial times the peasants of this state--nearly half of the population is Indian--have been exploited and paid starvation wages and this dates back to the time before the phenomenon of immigration of Guatemalans to Mexican territory existed

Because of this, it was decided that the peasant organizations (BLOCECH proposed) should strive to obtain respect for the agrarian and labor laws in order to defend the workers' rights: equitable salaries, respect for the physical and moral integrity of persons and a suitable place to live, no matter what the nationality of the laborer, since constitutionally in Mexico these rights should be made effective.

The Guatemalans without documents are paid lower salaries than Mexican workers. The farm owners and the political bosses of the state take advantage of the ignorance and fear of the refugees to overexploit them, they concluded.

9907

CSO: 3010/1723

## CONCANACO PRESIDENT ON PLIGHT OF BUSINESSES

Mexico City EXCELSIOR in Spanish 5 Jun 82 pp 1-A, 8-A

[Article by J. Jesus Rangel M.]

[Text] Emilio Goicoechea Luna, president of the Confederation of National Chambers of Commerce (CONCANACO), said yesterday that the crisis confronting most businesses will result in a suspension of payments and that it is the prelude to bankruptcy not only of banks but also of the treasury, social security and INFONAVIT [Institute of the National Fund for Workers Housing].

He charged that this business crisis is not the result of monetary devaluation, but of "harsh" price controls, of lack of income and cash flow for the firms, increased costs and the current financial crisis. "The situation has been with us for several months," he said.

He stated in a press conference that it is a matter of some concern that in spite of the reduction in public expenditures, the gross and net deficits in the public sector have increased this year, and he warned that the danger in not voting "is great, because if the majority achieves its expectations, this will serve to hobble the interpretation of the party that wins the election and as a point of manipulation for the opposition."

The business leader also said that they are not discouraged by the critical conditions confronting business, "because we have lived with the uncertainty of prices before," and he confirmed that the best choice now, more than ever, is Mexico.

He reiterated that the business situation is serious as a result of, among other things, the strict control of prices which was established for "social and political reasons, that because of the current financial crisis the private sector is facing problems of income and profits and that many of the business firms are confronted with suspension of payments, which is the prelude to bankruptcy."

He pointed out that this suspension of payments is not only for credits contracted with banks, but also concerns the obligation to comply with the income tax, the added value tax, INFONAVIT and social security, and that

the surcharge of 4.5 percent per month, "which we will owe in this situation, will aggravate the problem even further."

Goicoechea Luna pointed out that the root of the problem is, chiefly, the result of the price freeze which in turn originated in the shortage of goods, the increase of subsidies, the discouragement of investment and which in addition caused bankruptcies or losses in the business firms.

To a specific question, he responded that the profit or loss of a business is not the result of a whim, but of an economic reality, and that notwithstanding the current problems in the business sector, the private sector will continue to have confidence in Mexico, "because it is the best choice."

#### Prices Have Not Increased

He also said that the business sector, to continue to stay alive in the last few years, has had to achieve better levels of efficiency and productivity, but that the price structure has not permitted any planning for the future. "Production costs have increased, but not prices."

He explained that, for example, in the case of the sale of basic products, the final profit margin is 12.7 percent, while costs fluctuate between 18 and 21 percent.

He supported the theory described by Miguel Mancera, director of the Bank of Mexico, during the National Bankers Convention, and emphasized that it is necessary to respect strictly the budget for expenditures announced by the secretary of programming and budget.

He recalled that the fiscal deficit is the result of the numerous subsidies granted by the state, chiefly to parastate business firms, which function outside the realm of economic realism, distort the national market, generate shortages and increase demand, thus contributing to the vicious circle of inflation.

He termed it a matter of some concern that in spite of the announced budget reductions there will be an increase this year in the gross and net deficits of the public sector of 1.385 trillion pesos and 817 billion pesos, respectively, because this implies the risk of having to overutilize both domestic and foreign sources of financing.

Finally, he said that the best option, actually, is to comply with the obligation to vote, to decide precisely what kind of Mexico we want and to indicate the problems of the various sectors.

8/35

CSO: 3010/1724

## SPEECH BY AMBASSADOR TO U.S. CALLED 'LAMENTABLE'

Mexico City EXCELSIOR in Spanish 5 Jun 82 pp 6-A, 8- A

[Editorial by Miguel Aroche Parra: "Bernardo Sepulveda; Suspicious Doctorate"]

[Text] In view of the world's present dramatic situation, it is evident by any standards that the granting of an honorary doctorate in philosophy and letters to one of our ambassadors by one of the foremost U.S. universities does not mean that he should take it upon himself to say, for example, that the political philosophy behind the Mexican development plan coincides perfectly with the philosophy that has nourished the richest chapters in the history of the people of the United States, not only because it shows a supine ignorance, but also because it is a piece of political nonsense with incalculable repercussions. What the Mexican ambassador said is not true, not even today, when the country has been given the runaround by the false, antipatriotic and antinational policy of the International Monetary Fund, which has encouraged big capital and its partnership with and support by the same government, leaving not a vestige of national development supported by a broader and livelier democracy which would pay attention to the demands of the working class, the workers in general, the peasants and the native people, whose sacrifice appears to have no limits.

In his lamentable discourse Bernardo Sepulveda said that we need to conciliate the two countries for the purpose of correcting the imbalances of a bilateral relationship which has brought numerous benefits. But the truth is that apart from the benefits obtained by a handful of moneygrubbers, of purchasers of apartment houses, jewels, furs and automobiles, what this relationship has brought to the people and the nation is boundless looting, repeated deception, theft of our territory, a permanent enemy action carried out from the U.S. Embassy and the confirmation of what is already a well-known fact among us: they are the neighbors, and we are good.

In another passage of Sepulveda's speech to the professors and students of the University of San Diego, we read that the most generous contribution the people of Mexico can make to the harmonious relationship with the United States is the strengthening of its own economic stability and of its political system. Only the ambassador forgot that they, our neighbors--and according to many, our cousins--see to it that here there is neither economic stability

... a healthy political system; that is to say, they have definite popular support, and this task of destabilization, to which many traitors, worshippers of the golden calf, contribute, is not even disguised.

What they really want is to bring us to our knees, and if they had their way, Mexico would be today a Yankee colony.

If the difference between what the U.S. Government wants and what the Mexican Government is defending is understandable and inevitable, since it is impossible for the most consummate imperialist power to agree, one would say that the highest hope of decadent, voracious neocolonialist capitalism, belligerent toward its neighbor country, is to cut short that neighbor's flight toward total independence, desiring to grant it, as a permanent status, the lie of a mixed economy, dominated more and more each day by imperialism.

No, definitely, agreement between Mexico and the United States is not possible. We have not been able to reach such agreement before, it cannot be achieved today, nor can it be reached in the immediate future, in which the two-faced and false policy, as in the case of the Malvinas, of support for England--bent on recovering, in spite of historical reality, a small area of what was once its immense colonial empire--and of a pretended neutrality.

From now on, no one in Latin America will be able to cite friendship and solidarity of and with the United States as a resource in the balance of power; just as nobody will believe in Pan-American unity, in the OAS or similar institutions used as friendship bait by the United States in its relations with the countries of Latin America, the better to exploit them, the better to meddle in their lives and subordinate them to its own interests--another matter our ambassador in Washington failed to consider.

Those who have disagreed and even demanded explanations with regard to Sepulveda's remarks in San Diego have good reason to do so. Does it perhaps have something to do with the class origins of the ambassador, with his fortune and even his peculiar style of dress, or his claim to be a Christian, or was he simply expressing the point of view of our Secretariat of Foreign Relations?

8/35

CSO: 3010/1724



## 'OPEN DOOR POLICY' FOR GUATEMALANS ADVOCATED

Mexico City EL DIA in Spanish 4 Jun 82 p 6

[Text] Before hundred of Chiapanecos who met yesterday noon at the central plaza in Tuxtla Gutierrez, the Revolutionary Workers' Party (PRT) candidate for the presidency of the republic, Rosario Ibarra de Piedra, came out in favor of an "open door policy" toward the thousands of Guatemalans who flee from death in their country and come to Mexico in search of refuge.

On beginning her electoral campaign in Chiapas, she declared herself against the deportation of the Guatemalan refugees by the Mexican Government, as well as against the continuous harassment by the Mexican Army of those who are forced to cross the border.

She considered that the Guatemalan refugees, of which there are thousands in Mexico, came with the hope of finding new opportunities for survival, and she made it clear that it is not these people who have created the unemployment and the economic crises in Chiapas.

"The ones responsible are the government and the employers who try to introduce division between the Mexican people and the Guatemalans," stressed Rosario Ibarra de Piedra.

She also defended the ethnic minorities, since "they too have the right to exist and develop with their own customs, their own language and their own type of internal organization, etc."

She charged that in Chiapas, one of the states with the largest numbers of Indian communities, these "have been hit hard by the repressive and inhumane policies of the governor and the Secretariat of Agrarian Reform."

9907

CSO: 3010/1723

## INCREASE IN JAPANESE INVESTMENTS NOTED

Mexico City EXCELSIOR in Spanish 5 Jun 82 P 29-A

[Text] President Lopez Portillo inaugurated yesterday the 1982 Exposition of Japanese Machinery in the Sports Palace during a ceremony where the secretary of patrimony and industrial development, Jose Andres Oteyza, specified that Japanese investments in Mexico quadrupled during the present administration.

At no time have the two nations come as close together in their relationship by way of co-investments as during this administration. At the beginning of this administration, Japanese investments represented 2 percent of the total foreign investments in the country. Now it reaches 7.5 percent, added the secretary of patrimony and industrial development.

He pointed out that Japanese resources have been used in places of priority, whether it be co-investing in the public sector or in the private one, where the most important development is taking place in La Trucha for the production of large-diameter pipes and for heavy casting and smelting.

He expressed his wish that the two nations might continue collaborating, while the executive director of the Organization for the Promotion of Japanese Foreign Trade (JETRO), Kiyoshi Suganuma, pointed out that our country has a promising future due to the immensity of our natural and human resources.

The inauguration ceremony for the exposition took place outdoors and during this the Japanese ambassador, Kiyooki Kikuchi, also spoke and stressed the great possibility of cooperation with Mexico. Later the chief executive toured the exposition and later traveled to Tabasco on a work tour that will end today.

9907

CSO: 3010/1723

## BANK OF MEXICO RETURNS TO EXCHANGE MARKET

Mexico City EXCELSIOR in Spanish 2 Jun 82 pp 1-A, 16-A, 17-A

[Article by Luis de Cervantes]

[Excerpt] Acapulco, 1 June--The Bank of Mexico will return to the exchange market in order to bolster and stabilize the exchange rate. At the same time, the sliding scale will be maintained for the purpose of preventing the peso from being overvalued with relation to the dollar, announced Jesus Silva Herzog today. The secretary of finance asserted that the economic and financial crisis is under control, and that the preliminary results of the adjustment program are already being seen in the fiscal sacrifice of 8.5 billion pesos to maintain jobs, the lowering of the public sector deficit, the control of parastate enterprises, the maintenance of the public debt at authorized levels, the surplus in the balance of trade, and greater oil exports.

At the 48th National Banking Convention, the official revealed that as of 31 May the monetary reserve amounted to \$3.924 billion; that the printing of currency has been limited to the increase in reserves; that the amount of money in circulation has dropped, 98 billion pesos having been withdrawn from circulation for regulatory purposes; and that in the next few days there will be another increase in interest rates paid to depositors, and as finances improve, interest rates will drop and credit will continue to be granted to priority activities at preferential rates.

Silva Herzog held an open and direct dialog to evaluate what happened in the period from 1977 to 1981, and to admit the mistakes that led the country to the current crisis. He warned that this crisis cannot be overcome by just one sector; all Mexicans should be exhorted not to desert or abandon efforts to solve problems, as a basis for neutralizing elements that tend to disrupt the nation's political will, economic effort and social cohesion.

Speaking before President Lopez Portillo, members of the cabinet and representatives of the private sector, the secretary of finance discussed the first accomplishments of the series of measures which, he stressed, are not monetarist tactics designed to solve problems in the short term, do not lose sight of larger objectives, and have been implemented at the lowest possible cost.

I. The government has decided that the Bank of Mexico will intervene once again in the exchange market in order to stabilize and bolster expectations regarding the exchange rate. This decision does not mean that it will set the exchange rate; it will ensure that the adjustment is orderly and flexible. The sliding parity will probably continue at the rate established by the market itself in recent weeks.

II. The net credit granted by the Bank of Mexico to the federal government has not exceeded its revenues, and the amount of money in circulation is limited to the growth of its international reserves; for that reason, the growth of the money supply fell from an annual rate of 33.5 percent in the first quarter of the year, to 27 percent by the third week of May.

III. The yields of bank deposits and of government and private instruments on the money market will be raised to the levels of equilibrium established by the markets themselves, and soon there will be an additional increase for the purpose of bringing the yields in line with current conditions.

IV. A more just remuneration will be sought for small savers, who constitute the broadest sector of the Mexican population.

V. Improved collections and the control of the economy's financial requirements will reduce the cost of money on the Mexican market in the coming months.

VI. The government has continued its effort to support priority sectors, earmarking major amounts of credit and maintaining preferential interest rates, below the average cost of obtaining the money.

VII. As a result of the exchange rate adjustment and the measures designed to cut imports, foreign purchases by the public and private sectors fell by \$2 billion during the first 4 months of the year, yielding a surplus of \$120 million in the balance of trade.

VIII. The prospects for oil exports have improved; in May they totaled 1,508,000 barrels. But non-petroleum exports and tourism income must be stimulated.

IX. Mexico still enjoys financial prestige in the world; the public debt will continue to rise this year from last year's \$11 billion; nearly half that amount has already been contracted.

X. Mexico is able to meet the commitments of the public debt, which equals a little over 2 percent of the current value of proven hydrocarbon reserves. This means 48 months of oil exports at the current levels and prices.

Lowest in May

XI. Last May the federal government's deficit reached the lowest level of the last 16 months, thanks to budgetary discipline. Both the public and private sectors should share this attitude with equal determination.

XII. The policy of promoting the financial health of the decentralized agencies and parastate enterprises has been expanded, and these entities will have more resources available to them because of the increase in prices for the goods and services they provide.

XIII. Certificates of fiscal promotion, designed to stimulate employment, are available to taxpayers. This will represent a fiscal sacrifice of 8.5 billion pesos over the next few months.

XIV. The establishment of support prices, preferential credit and inexpensive inputs for agricultural production will be streamlined so that the brunt of the crisis will not be borne by the sectors of the population that have shown so much solidarity with the country.

XV. The flexible pricing policy has led to the easing of liquidity problems and has ensured adequate supplies in various sectors, but some temporary controls will be maintained in order to prevent a greater impact on the cost of living.

XVI. The wage adjustments for the workers of the public sector are being implemented, and most of those who work in the private sector already earn higher wages.

These elements are contained in an 8-point analysis that sums up the advances of the adjustment program. The secretary admitted that the program has hurt some sectors, and that the entire population is suffering some impact. But Silva Herzog noted that the cost of this option should be evaluated by observing that not having chosen it would have meant doing nothing about the problems, which would have become more difficult to control. This would have meant that even more painful decisions would have been imposed by the circumstances.

#### Avoid Another Overvaluation

In an atmosphere of fruitful communication, which the secretary said is and will always be a guarantee of unity among Mexicans because communication should lead to the full commitment, participation and sharing in the common destiny of the entire society, Silva Herzog explained the Bank of Mexico's return to the exchange market with the backing of its monetary reserves. He said that this move will be a decisive step toward instilling confidence and security, the fundamental elements that will do away with uncertainty and speculation.

Explaining that there will be no fixed exchange rate, he stated that the significant undervaluation that resulted from the sudden exchange rate adjustment of 18 February, along with the sliding rate that has been observed, will prevent our currency from being overvalued at a time when the Mexican rate of inflation is far higher than the international rate. It will also avoid instability and a lack of confidence.

The official also announced that in the coming months, when the economic adjustment program begins to slow down inflation, the sliding scale will be enough to maintain an equilibrium in parity.

With regard to monetary and economic policy, Silva Herzog referred to the establishment of three special deposits for monetary regulation, designed to prevent excessive liquidity. The first one amounted to 18 billion pesos, and the other two were 40 billion pesos each.

In addition, through the instrument known as the distribution of foreign currency reserves, an attempt is being made to counter the negative effects of exchange rate fluctuations on businesses that must have dollars for the smooth flow of their operations. Trusteeships have been set up, backed by dollar deposits in Mexican banks, in order to spare the businesses from covering themselves abroad.

As for interest rates, the secretary of finance said that there should not be so much concern that the cost of credit will go higher. Actually, he remarked, the prevailing severe shortage of credit resources on the market is what has caused the cost of credit to rise, and this cost will fall, he asserted.

In fact, he stated that renewed confidence in our economy and in the financial system will enable savings to bounce back, and when inflation begins to slow down as a result of the adjustment measures, there will be a reduction in current interest rates.

#### Severe Budgetary Control

With respect to the public finance policy, Silva Herzog reported that the targets for cuts in public spending have already been identified, and steps have been taken to protect priority items as much as possible. Furthermore, the weekly monitoring of public sector revenues, spending and deficit has begun, for the purpose of adjusting the cash schedules to the availability of non-inflationary resources. The liquid funds of the principal entities receiving fiscal support, as of May, dropped 15 percent below the March level.

In addition, he revealed that in May the federal government's deficit fell to the lowest level in 16 months, which he contended attests to the federal government's adherence to a program of strict budgetary discipline, making austerity in spending a standard of conduct at all levels and in all sectors of public administration.

He also mentioned the employment and production policy, which represents a fiscal sacrifice of 8.5 billion pesos. This is because in order to avoid liquidity problems in businesses, it was decided to offer facilities, now in operation, for the payment of taxes and the reduction of the profit coefficient, for the determination of provisional payments.

Moreover, decisions have been made and others are being studied to streamline the setting of support prices, preferential credit and inexpensive inputs for agricultural production.



The finance secretary's speech at the 48th National Banking Convention began with a summary of the changes in the profile of Mexican society that have taken place during this administration, reflected in the creation of 4 million jobs, and major health and social security programs that benefited millions of Mexicans. Economic growth totaled 8.5 percent, while the per capita income rose by 5.4 percent and wages grew by 5 percent.

8926

CSO: 3010/1744

## BRIEFS

RURAL VIOLENCE IN OAXACA--Tuxtepec, Oax., 8 Jun--Armed with sticks and machetes, about 1,000 peasants affiliated with CNC [National Peasant Confederation] invaded two farms located in the municipalities of Valle Nacional and Zacatepec. The invaders beat and ousted the agricultural workers of the properties and destroyed plantings of corn and tobacco. Headed by Cirenio Antonio Ortiz, the invaders occupied lands, belonging to Belen Jordan and Bernardo Corron. Antonio Ortiz demanded the delivery of the 507 hectares which had been promised to the peasants of the region, and which had been expropriated from the former federal deputy, Mario Prieto Sanchez. The mayor of Zacatepec, Fernando Garcia, went to the state capital to seek aid from the authorities in order to avoid confrontations between the bosses and the invaders. [Mexico City EXCELSIOR in Spanish 9 Jun 82 p 32-A]

9673

CSO: 3010/1722

## TRADE OFFICIAL DISCUSSES COUNTRY'S EXPORTS FOR 1982

Managua LA PRENSA in Spanish 13 Jun 82 pp 1, 12

[Article by Victor Medina]

[Text] Nicaragua will be able to export products valued at a total of \$500 million in 1982, despite the losses in the sugar, coffee and cotton harvests resulting from the storm Alleta which swept through this Central American nation last May.

Vice-Minister of Foreign Trade Bernardo Chamorro revealed today that the losses caused by the flooding in these three crops, and in a reserve of agrochemical products stored at Puerto de Corinto, totaled more than \$3 million.

The official stated that 20,000 quintals of coffee were damaged in the 1981- 82 harvest, valued at \$1.8 million (18 million cordobas).

The agrochemical goods were valued at \$1.2 million, according to the report by the Nicaraguan official.

Chamorro explained that 200 bales of cotton were lost, while 800 were partially damaged. Total losses were 2 million cordobas.

Also partially damaged were 21,000 quintals of sugar, with losses reaching 1.7 million cordobas.

Chamorro indicated that as of 30 June of this year, 90 percent of the cotton crop had been exported, and it is estimated that by the end of the export period for this product more than \$90 million will have been earned.

Nicaragua, reported the official, will export approximately 1.2 million quintals of coffee, for a total value of \$160 million.

Eighty-five percent of the sugar crop has already been exported; the 1982 total will be 2 million quintals.

This crop should bring in \$40 million, said Chamorro.

"We will reach the goal of \$500 million from sales of our traditional and non-traditional products," the vice-minister of foreign trade asserted.

Nicaragua exports goods that are considered non-traditional, including tobacco, wood, rum, sesame seed and castor oil.

Beef sales this year will total \$30 million (30 million pounds of meat). Last year Nicaragua exported 21 million pounds of this product.

As for sugar exports, Chamorro stated that Nicaragua in 1983 will produce 100,000 tons, but it will sell only 50,000 tons to the United States because of the U.S. Government's decision to set an import quota on that Nicaraguan product.

Mexico has agreed to buy 25,000 tons of sugar from this country, and has also begun talks with Nicaragua for the purchase of meat and rum.

"Venezuela," said Chamorro, "may buy sugar, and steps are being taken to place that item on the Venezuelan market."

The 1982-83 sugar harvest will yield more than 5 million quintals, according to estimates announced by Minister of Agrarian Reform Jaime Wheelock Roman.

Nicaragua is negotiating to open new markets for various products in Western and Eastern Europe.

Since diplomatic relations were begun with the socialist countries, the Soviet Union and Bulgaria have been purchasing Nicaraguan goods.

Recently Nicaragua and Iran signed a protocol for negotiations; that country is interested in buying meat, sugar and coffee from Nicaragua.

Nicaragua imports goods valued at about \$900 million.

8926

CSO: 3010/1763

## FOREIGN TRADE MINISTER DISCUSSES TRIP TO EUROPE

Managua BARRICADA in Spanish 14 Jun 82 p 6

[Text] Foreign Trade Minister Alejandro Martinez Cuenca, having concluded visits to some 12 Western European countries, reported that the European Economic Community (EEC) has lent support to Nicaragua "in an immense flood of assistance."

Dr Martinez Cuenca, who extended by several days the tour he began with the delegation headed by Dr Sergio Ramirez, held a series of new negotiations that translated into nearly \$180 million in financing. This is higher than the amount announced a few days ago for various projects being undertaken by the revolutionary government.

Among the most noteworthy developments is a donation by the Norwegian Government of up to \$1.8 million for the Tasba Pri Miskito settlement project.

Spain expanded its financial aid and moral support for Nicaragua by promising an additional \$10 million above the \$15 million negotiated at a preliminary visit that preceded the final talks, said Martinez Cuenca.

"This is proof that in the European framework, the Sandinist Revolution not only has and continues to carry out a politically convincing revolution, but also has earned the support of the democratic forces of Western Europe; I have seen it on this trip, in the political activities I was entrusted with," claimed the minister of foreign trade.

On page 5 we are presenting a country-by-country break-down of the results of the government negotiations conducted by Dr Alejandro Martinez Cuenca following Dr Ramirez Mercado's visit to Western Europe.

Nicaragua's economic solvency, plus the political confidence our revolution has inspired throughout the world, may be the most important factors in the results obtained by the revolutionary government after the immense political and diplomatic effort of the Western European tour.

International solidarity has been demonstrated by events, by political backing and by friendly gestures that cannot be measured numerically.

Dr Alejandro Martinez Cuenca, minister of foreign trade and the party responsible for the successful completion of numerous negotiations on an exhausting tour, provided exclusive information to BARRICADA concerning the details of his activities.

Spain, the first country visited by Dr Sergio Ramirez, and where initially reconstruction credits of up to \$15 million were agreed upon, upped its contribution to \$25 million.

"Credit for consumer goods was expanded by \$5 million, and credit for spare parts was augmented similarly," stated Martinez Cuenca. He added: "I think it all has to do with a more open attitude toward Nicaragua as a result of the European tour."

Austria, Germany, Sweden

As we reported at the time, the Chancellor of Austria himself, Bruno Kreisky, signed the contract for a line of credit totaling \$6.222 million, plus a donation of 5,000 tons of wheat that will arrive in Nicaragua in September.

The minister of foreign trade stressed the results of efforts in the FRG, maintaining that the supplier credits and export prices offered by banks were excellent.

In Sweden another addition was made to the financing negotiated by Dr Ramirez Mercado, in the amount of \$10 million earmarked for the purchase of machinery for the Malacatoya sugar mill.

Norway, Denmark, Greece

The minister of foreign trade also emphasized the fruits of his visit to Norway, where negotiations yielded \$10 million for the purchase of equipment, and a donation of \$1.8 million for Tasba Pri.

Every door that has been knocked upon has been opened to revolutionary Nicaragua; in Denmark as well, support materialized in a total of \$3 million for the purchase of goods in that country.

Martinez Cuenca made a stop in France also. It is as if we were touring old Europe in a history lesson, but it is actually an expression of solidarity by those countries in view of the critical economic situation we face.

He said that Foreign Minister Miguel D'Escoto was in charge of the efforts in France, and he termed the French "favorably disposed."

In Athens, Nicaragua obtained a guarantee to buy urea and ships; the friendly government of Prime Minister Papandreu donated several thousand tons of wheat and milk.



## Technology and the Community

One doubt that was cleared up by the minister of foreign trade was the matter of technology. "We are going to purchase machinery from several countries. Will that influence the technical aspect of production?" we asked.

"The technology we have seen is the most suitable," he answered. "However, we are concerned about penetration in socialist countries, too; I do not think we will borrow technology and be dependent on the capitalist world. The fact is, it is not a question of purchasing sophisticated machinery where different criteria prevail."

"So far, it is known that the great sugar complex of Malacatoya will have Swedish, Norwegian and Spanish machinery. However," emphasized Martinez Cuenca, "the financing is not just for that kind of capital goods."

"All this is a reflection of the sympathy and solidarity our revolution has reaped, but there are also other revealing factors: the EEC will donate \$7.5 million for financing long-term projects," reported the minister.

Furthermore, Greece has sent 2 tons of medicines and 300 beds which are en route. In short, this has been the response to the appeal by this small country that is building its economic independence.

8926

CSO: 3010/1763

FINANCE MINISTER DISCUSSES DEBT REPAYMENT

Managua EL NUEVO DIARIO in Spanish 16 Jun 82 pp 1, 11

[Article by Filadelfo Aleman]

[Text] Despite the tremendous economic difficulties plaguing the country, aggravated by the recent floods that caused \$200 million (2 billion cordobas) in damages, the revolutionary government yesterday made a payment of nearly \$36 million (300 million cordobas) on the foreign debt inherited from the Somoza regime and owed to international private banks.

The announcement was made last night by Finance Minister Joaquin Cuadra and Central Bank of Nicaragua President Luis Enrique Figueroa, to the foreign and national press.

Figueroa, who lauded "the serious attitude of our government in assuming its international obligations amid a difficult internal economic situation," called upon international private banks "to reestablish the lines of credit that existed before the revolution."

Urge Support

"We urge your support," said Figueroa, "in order to continue meeting our responsibilities." Minister Cuadra explained that "by saying this we are not conditioning our compliance with our obligations; rather, we are making an objective observation to businessmen who know that their clients cannot be abandoned to their own resources."

Inherited Debt

Minister Cuadra stated that the revolutionary government had made the payment on the foreign debt inherited from the Somoza regime "even though some groups abroad gleefully expected that we would not be able to do so."

"Our payment on the foreign debt," he said, "must have been a disappointment to those who look upon these things with a political mentality; but it must have been nice for the more pragmatic bankers who think in business terms," he added.

## Great Sacrifice

"This payment," he added, "represents a great sacrifice given our economic situation and our foreign reserves situation. But we reiterate once again our government's and our political leaders' desire to meet our obligations, even if it means sacrifices."

"We could only fail to comply," he added, "if it were materially and physically impossible."

## What Was Paid?

The minister broke down the payment made yesterday in the following manner: \$30,560,700 of debt by the government and autonomous entities of the Somoza regime, owed to international private banks; \$5,171,600 owed by nationalized private banks to international private banks; \$688,600 from the private firms that became the People's Ownership Area after the triumph of the revolution, for a total of \$35,996,900.

## Inherited Debt Is Greater

The total foreign debt inherited from the Somoza regime is \$1.6 billion. Of that amount, the debt contracted by the Somoza regime with some governments has not yet been negotiated, and is still in the talking phase.

According to Minister Cuadra, the foreign debt to Spain, Japan and Venezuela is now being renegotiated. The foreign debt to the FRG is also being renegotiated.

## Private Banks

The total of the foreign debt to international private banks that has been negotiated to date is \$915 million, of which \$550 million corresponds to debts contracted by the Somoza regime and its autonomous entities; \$260 million to nationalized private banks; \$70 million to the firms that became the People's Ownership Area; and \$35 million to Nicaraguan private firms.

## No Conditions to Negotiate with U.S.

With regard to the renegotiation of the foreign debt to the U.S. Government, Cuadra stated that "there are insufficient conditions to negotiate at this time without a political cost."

With respect to the foreign debt to international organizations, he said that it is being paid normally.

## After Triumph More Debts

Dr Joaquin Cuadra admitted that the country has become increasingly indebted since the triumph of the revolution, "which," he said, "has generated some criticism internationally and abroad."

"However," he explained, "at this stage of the conference, there are reasons for this indebtedness. The country was taken over in a disastrous economic situation after the revolutionary triumph."

He recalled that "decapitalization reached \$4 billion, and the damages resulting from the war were substantial. On the other hand, the country's economic growth declined dramatically because of the war and the fact that many credits obtained by the Somozaists and their friends were not invested, but transferred into foreign accounts."

#### Present Debt: \$2.5 Billion

He stated that the foreign debt at present could be around \$2.5 billion, meaning that in the 3 years since the revolution it has increased by \$900 million.

"All that money," he said, "has had to be invested to shore up a country that had been practically bankrupt; it has been used to obtain capital goods, inputs and items that we have not been able to produce ourselves."

"The re-indebtedness," he stressed, "has served to recapitalize our economy."

He added that even so, between 1978 and 1981 developing countries contracted debts at a much higher rate than Nicaragua, during its new revolutionary era.

#### Well-Negotiated Credit

He also argued that the terms of those credits are "almost concessionary," with an average length of 40 years and an average of 8 years grace period, as well as total interest of 6 percent. "If any other country has obtained these financing terms, I would like to know about it," said Figueroa.

He noted that another factor aggravating this and other underdeveloped countries' economies is "the decapitalization resulting from the deterioration of trade."

#### Problems Not Our Fault

According to Figueroa, Nicaragua lost \$120 million last year because of an 8 percent drop in the prices of its main export products, although production topped the previous year's total by 20 percent.

Another factor that has had an adverse effect on the national economy is the setback suffered by the Central American Common Market "due to the regional political crisis."

He cited as an example the fact that in 1977 Nicaraguan exports in the area totaled \$150 million, while last year they fell to a mere \$70 million. "Meanwhile, our imports continued to climb."

### Inflation, Gloomy Outlook

Concerning world inflation, Figueroa stated that "Nicaragua and all of Central America are facing a gloomy outlook for their economies."

Nonetheless, he said, the government is making a tremendous effort to overcome the crisis. It is promoting agroindustrial projects such as the new Malacatoya sugar mill, designed to increase exports, and it is developing geothermal and hydroelectric projects to curb oil purchases and save foreign reserves.

### IMF and Sovereignty

As for Nicaragua's position on certain demands made by the International Monetary Fund (IMF) for lending financial support to alleviate our balance of payments problems and defend our currency, to the effect that the government must freeze wages, both Cuadra and Figueroa agreed that "the country will continue to maintain an attitude of sovereignty over its decisions."

### Sacrifice Everything But Fundamentals

"Neither the revolutionary leaders nor our government," said the minister, "is willing to sacrifice the fundamental elements of this revolution, the workers and peasants."

In closing, he said that in spite of everything, we have good relations with the IMF.

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CSO: 3010/1763

## BRIEFS

USSR TRADE UNIONS DONATION--The trade unions of the Union of Soviet Socialist Republics (USSR) have announced a large donation of food, army tents and other items to victims of the flooding. The news reached Managua in a cable from Moscow signed by Jacinto Suarez, our ambassador to the USSR. The shipments will begin arriving on future Aeroflot flights. The donations include 20,000 meals for lactating mothers, 20,000 meals for children over 2 years, 10,000 cans of condensed milk, 1,000 blankets, 200 army tents, 5,000 men's shirts and 3,000 work uniforms. [Text] [Managua BARRICADA in Spanish 13 Jun 82 p 5] 8926

CSO: 3010/1763



## FINANCE MINISTER DISCUSSES ACUTE ECONOMIC PROBLEMS

Montevideo LA MANANA in Spanish 11 Jun 82 pp 8-9

[Interview with Minister of Economy and Finance Valentin Arismendi in Montevideo on 10 June 82]

[Text] "Uruguay is suffering from a growth crisis never experienced before, because we had a closed economy," finance expert Valentin Arismendi stated yesterday, while voicing the belief that "1983 will bring us a better year, but only providing that difficulties as great as those we are experiencing today do not exist throughout the world and in this region."

The minister of economy and finance announced, furthermore, that with the wages which will be generated as of 1 July, the so-called income tax will go into effect, and if "properly administered, it will lead to annual income of about 140 million dollars."

Along with this, he said that the rate of devaluation which has developed is the highest figure compatible with the present economic model.

Arismendi undertook an analysis in depth of the economic situation in the country as he left the Legislative Palace, after holding a lengthy 5-hour meeting with the members of the Economy and Finance Commission of the Council of State, which approved the draft tax reform law recently submitted to it by the executive branch with some amendments in form.

The minister of economy and finance, accompanied by the general tax director, Cr. Raul Xavier, met yesterday from shortly after 9 am until 2 pm, with the members of the Council of State commission for that branch.

Following the meeting, an exchange with the press took place, as transcribed below.

[Question] In your talk with the Economy and Finance Commission of the Council of State, did amendments to the original draft tax reform law develop?

[Answer] We had a diligent and courteous discussion, as has always been the case, during a long meeting at which we reported not only on matters having

to do with this proposal, but also an effort to outline what the situation in the country is, how we are attempting to correct those things which can be corrected, and, finally, what the fiscal deficit in any economic policy, here and anywhere else in the world, means.

Then we dealt with the proposal specifically, and we would say that in general it was approved, with some changes which we would describe as formal amendments, without the introduction of major variations in the proposal.

[Question] What exactly are these amendments?

[Answer] I repeat that they are changes in form. We would have to see them, but I can tell you that they have to do basically with the penalties for late payment and fraud. We will accept some of the suggestions of the commission which will not change the proposal substantially.

#### Results in Two Months

[Question] Once approved, will these amended tax norms result in the granting of any international loan to the country?

[Answer] I repeat what I said when I spoke to the citizenry: we will not interrupt our negotiations with the International Monetary Fund (IMF), but we are becoming persuaded that in 1982, setting ourselves very demanding goals as to the deficit would not in any way intensify the recession and thus unemployment.

We also said that after the measures announced have been implemented and put into operation, we have two months in which to see what results have been achieved by this effort, made not only on the basis of the legal text but what the tax administration has always done and has now stepped up, with a view to preventing tax evasion and late payments when there is no justification.

With these results before us, we will go back to the negotiations again, and this will mean that the country will have the agreement it has always had and continues to have today with the IMF. However in this case, the extended term of 3 years, instead of comprising calendar years, from 1 January through 31 December, would run for example from 1 October 1982 for 36 months, with quarterly goals to be met, which we indeed view as a discipline.

#### Social Cost of the Measures

[Question] Will the measures which will be approved have a social cost, and if so, what could the solution to this problem be?

[Answer] When measures are carried out it is because it is believed that all aspects have been considered. Thus I believe that if what is meant by social cost is that there may be an increase in living costs and thus a reduction in real wages, without increases of a nominal nature, I would say that other countries have faced the same circumstances Uruguay is experiencing with a reduction in the nominal wage.

What we have said is that during this year, nominal wages will not be increased, but we will implement some measures which we are seeking to distribute equitably among all the sectors. For example, we are reestablishing the housing fund tax, which is 1 or 2 percent on wages, but it will be paid by absolutely everyone who is paid remuneration.

It is true that we are increasing the VAT [value added tax] from 8 to 12 percent, but it is also true that we had said we would eliminate the capital tax, which we did not do, and it is also true that the rate paid by the businessman when he makes a profit is increased from 25 to 30 percent.

This means that we are trying to distribute the burden which in one way or another the country must bear, because anything else, claiming there can be adjustments without burdening absolutely anyone, would be deception of the people.

#### Equitable Distribution

[Question] It has been announced that there will be no increases in wages for the balance of the year, but the public rates will however go up. What will happen with the Mortgage Bank increases?

[Answer] Naturally, there will continue to be increases on all obligations. There are increases in some things which must be affected in some way, because if for example the Mortgage Bank did not effect an increase--which this year will be much less than in previous years, it would have to cease to make loans to those who are building today for those included on the RAVE [Registry of Emergency Housing Candidates], for example.

The bank cannot tell these people that because of the situation it has had to abandon its increases and there is no possibility of building, such that all of the persons evicted would be left out in the street. Thus we must again distribute the burden as equitably as possible among all the citizens of Uruguay.

[Question] Article 27 of the draft tax reform law the Council of State is studying does not specifically state that the new deductions from wages will go to the housing fund. Does this mean that these funds may be allocated for other purposes?

[Answer] No matter how many times it has been said that the minister of economy has lost credibility, perhaps one of the worst slanders one can address to me is to say that we have said one thing and are doing another.

I am perfectly willing to accept criticism. I believe it is extremely valuable, but when value judgments are made about individuals, I believe that these decisions should be reserved for another type of judge, not found perhaps on this earth.

Everyone knows how I have acted: I have never made myself the judge of anyone.

Specifically concerning your question, it is true that this tax was reinstated with the housing fund in mind, with the following clarification, which I also explained in the office of the economic commission of the council.

#### Application to 1983 Bonds

In 1982 we did not need this fund for the Mortgage Bank, but it falls within the policy of limiting the fiscal deficit, because whatever the exchange or economic policy of the country may be, Uruguay will remain healthy. We must then reestablish the fiscal balance in order to reestablish the success of the economic model.

I say that we will not need the housing fund this year, because all of the projects are underway and because we are financing the Mortgage Bank with foreign resources we have obtained under excellent terms on the international market.

In 1983, when we begin awarding housing bids and the greater part of the projects gets underway, basically one on which the bid has already been awarded and another on which the bid will be awarded in the next few days--that will be when we begin to support the bank with additional resources. And as there are special plans which extend over a larger number of years with lower interest, the housing fund will be used to finance the difference the Mortgage Bank must cover in this connection.

With regard to why this is not explained in the law, I must say that it is because there is another law which provided that resources must not be allocated for different purposes. Thus we must not establish a separate compartment labeled "this belongs to the Mortgage Bank of Uruguay" to indicate that this sum will be allocated to the bank.

It took a great deal of work to eliminate all of the existing limitations, the "little treasuries" which existed here and which were arbitrarily administered, when what the national treasury needs to do is to contribute to and to support everyone.

The housing fund will be used for the purpose for which it was created, but not by legal order. It will come within the national treasury liabilities.

#### Judgments on Honesty

[Question] It was urged at the Rural Federation Congress that the economic team you head be relieved. What is your response to this?

[Answer] I have absolutely nothing to say as to how others make judgments. I repeat that it pains me, for example, when a given individual has made a judgment about my honesty, and naturally this grieves me, but I do not grant anyone the right to make judgments about my honesty.

That I should be publicly judged for my actions as a public figure seems to me proper and I respect this. It does not bother me, and each individual has his view of the facts.

But this does not prevent discussion. To the extent that we sit down at a table and talk, and both explain ourselves in the terms we have agreed upon, I have no reluctance to continue discussion with the federation and other sectors, with whom we have never ceased to engage in dialog.

When a joint commission was established at the SEPLACODI [Information, Coordination and Planning Secretariat] a few days ago to study rural problems, I could not attend as I wished, because I was committed to a conference at the Branches and Services School which could not be postponed because it was a Friday, and the director, General Bazzano was leaving for Chile on Monday.

I will sit down at any table for discussion in order to see if there are solutions, and I will be enchanted to implement them.

Whether or not I should be removed is the problem of the president of the republic, who has the authority for this if he believes that I, like any other official functioning within the government, and above all in this post, has become so useless that it is necessary to replace him, although illusions often go with change.

I am in agreement with any solution, but naturally it does not please me when they make statements such as they do and represent me as inhuman and insensitive, because all of my life I have been humane and sensitive to the needs we all have, because as my origins are very humble, I have forgotten nothing, nor has it gone to my head being in the ministry, and those who know me well can attest to this.

#### Income Tax Beginning in July

The tax sum which will go to the housing fund and will come out of the wages of the workers will be deducted from income for the month of July, while Minister Arismendi acknowledged that the decision not to increase wages until next year is irreversible.

[Question] When will the deduction of this tax from wages begin?

[Answer] With the wages earned as of 1 July. I would like to clarify something in this connection. Naturally, all the people who hear and read what I say have not had to go through all the options which the government has considered for correcting this situation. If they had done so, they would not speak of this income tax, as a point has been made of calling it, which is only 1 percent or 2 percent in the case of wages in excess of three times the minimum, in the way that they do.

I am not insensitive. I know as well as anyone what is happening in the country, because of my origins and my needs.

A person living on an old-age pension, for example, will have to contribute something like 3 pesos, and I ask if this is enormous? One can live as well with 297 pesos as one can with 300.

Income represents a very substantial part of the gross product, and this tax, if properly administered, will provide us with about 140 million dollars in a year, and with this much can be done to alleviate the situation of other people who will become involved in housing and will obtain their own homes.

#### No Wage Increase

[Question] Won't the increases already established for fuel and others being announced lead to a review of the decision not to increase wages for the rest of the year, in view of their effect on living costs?

[Answer] We have to administer resources which are finite to meet needs which are infinite. We forget that the ANCAP [National Fuels, Alcohol and Cement Administration] has not increased its rates in almost a year. We are trying to ensure that the increases are also made as equitably as possible, and then we have imposed this additional 10 percent burden which will be provided by fuels, but if we had imposed the tax only on naphtha, for example, the burden would not have been shared by transportation.

Those who use the most are those who pay the most, and the ANCAP rates went up because when we adjust the exchange rate in order to be able to accelerate export activity and make it more competitive, so that this activity will then provide work for more people, we cannot ask that gasoline become cheaper as a result.

Naphtha must cost more because we increased the exchange rate and because gasoline has gone up, but we believe that this is an extremely moderate increase.

Obviously, this will affect other categories, and with regard to your question, I must tell you, for example, that the EEC ministers recommended to their governments that increases be based solely on productivity, and that when there is no production increase, nominal wages be reduced.

If much richer countries, which dominate the markets and know what they can pass on to the developing nations, recommend this type of measure, Uruguay, which is involved in this crisis and has an open economy--it would be worse if it were closed--cannot arrive at the conclusion that nominal wages must be increased and that employment must improve.

If there were a wage increase--let us not be egotistical--what might happen is that this that or the other worker would have a nominal increase of 10 or 12 percent, but many others would certainly be doomed to unemployment. Until the situation alters, it is not possible to provide wage increases without having this reflected in an increase in unemployment.

This is my personal position, because I believe that we are thinking of the majority of people. If the unemployment rate today is 10 percent and we increase wages by 10 percent, those unemployed would soon be 12 or 13 percent.



[Question] You have mentioned your humble origins more than once in the course of this conversation. What would you say to the people of the country who see their wages declining but must in any case go to the market daily and deal with the payment of installments and other obligations contracted before these measures were announced?

[Answer] I would say to them what I say to myself when I have to meet all my commitments with my salary. Naturally, they will say that my salary is much higher in absolute terms, but also I have much larger obligations in absolute terms, because of the post I hold, which I would not otherwise have.

I have undertaken obligations: I am paying for my home, and the Mortgage Bank will increase my payments as they will those of anyone else.

[Question] Excuse me, Mr Minister, but the question referred to those who have just enough every month...

[Answer] I too have just enough pesos every month. The problem is simply of absolute value.

The wage reduction of 1 or 2 percent, unless we would like to take a wholly political approach to the subject, is only 1 percent. And if you are speaking of the fact that costs are increasing but wages are not, yes I agree, but let someone come and tell me how we can do otherwise.

All of those who do not head the Ministry of Economy can judge an individual, they can criticize and they can set forth solutions. In any country with a capitalist system--if we were behind the iron curtain, this example would not be valid--the government is neither rich nor poor, but the society which supports it is.

Everyone acknowledges certain things but not others. It pains us, because whenever I speak it seems to be to announce bad news. The other ministers--and I am not hereby seeking another cabinet post--can cut a ribbon and inaugurate a school, or announce that the Christmas bonus will be paid. This is very nice and it pleases us all, but it has fallen to me to serve in this department, and I have never rejected my duty. I believe that in order to criticize one must have the courage to answer "Yes, sir, I am ready to accept" when one is asked if he is willing.

I did not ask to be here, but since I agreed to be, I am working with all the capabilities nature gave me, with all the information available to me, and in an effort to distribute the burden.

#### Lower Devaluation Rate in 1983

By the beginning of 1983, the process of decline in the devaluation indices may begin again, since the minister believes that the rates applied in September and October represent the maximum desirable. With regard to the 1-month postponement for the payment of the Christmas bonus, he said that this was determined in order to avoid a currency issue.



[Question] Why was the payment of the Christmas bonus postponed until 31 July?

[Answer] Because otherwise, we would have needed a currency issue, and if we effected one, these pesos would have flown out the other window, since if someone who does not need this sum of money puts it in the Central Bank in order to obtain dollars, the country thus loses reserves, and the economic sovereignty of the country is based on its reserves.

[Question] It has been announced that there will be no devaluation, but the rate of decline for the monetary table has increased. Will this continue? Will there be a further increase?

[Answer] No, I believe not. I think this is the top figure consistent with this model, and in December of this year the real exchange rate will be at a figure similar to that of the first half of 1980, when exporters had no problems.

If this is the case, I believe that as of that date, January or February of 1983 should see the beginning of a decline in the rate of devaluation, so that with this we can attempt a reduction in the interest rate, which is the other inconsistent problem which must be resolved when we assess the real exchange rate.

#### Next Year Will Be Better

As soon as conditions improve throughout the world, a recovery in the purchasing power of the workers of Uruguay can be expected, according to the statements made by the minister of economy and finance. Specifically, the section of the interview pertaining to this subject developed as follows:

[Question] And what can be said to these people whose purchasing power will decline as to when they may regain it?

[Answer] When conditions improve throughout the world, I believe that our workers and our society will also be better off, but it is unrealistic to think that while problems are being encountered, prices are going down, and lower wage increases are being granted in Germany, in the United States and everywhere, Uruguay and its people must be richer.

Now, if we like everyone else believe and as the reports we have received from abroad indicate, this recession is likely to disappear as the end of 1982 and the beginning of 1983 approach, I think that if we continue with all of this, Uruguay will be better prepared than ever to take advantage of this circumstance.

#### Worse Situations

[Question] In the light of these measures which will be approved and those already approved, and taking into account the figures your ministry has, how would you describe the present moment from the point of view of the economy of the Uruguayan family?

[Answer] I believe that making a very rapid assessment, and seeing how unemployment, so often discussed, is developing, for example--it is at about 10 percent plus, without a doubt we are speaking of families with reduced income and therefore activity has indeed declined. But I ask myself: has Uruguay experienced situations such as this?

Yes, it has. What is happening is that Uruguay is suffering a growth crisis which it had not seen before because it was a closed economy which did not grow by even a single point. And I recall that in some of the years preceding 1974 and 1975, for example, there were lines of young people outside the Argentine consulate applying to leave the country, because they found no opportunities there.

Since then we have come to have the almost minimal unemployment rate of barely 5 percent, but in that same period of government--in 1976--Uruguay had 13 percent unemployment, and inflation was higher than that we have now.

If indeed it is true that we must acknowledge that income is declining because the national income is declining, then we cannot say on the other hand that family income will increase, while national income is declining, because the price levels for our exports are dropping, because we have lower inflation, and all of this means lower nominal wages. I would say that at least we have price development which in one way or another allows the average Uruguayan to survive this situation.

#### Employment Prospects

[Question] You say that this year will be very difficult, a test for the people of Uruguay. As of the middle of 1982, what can be added concerning such a difficult era?

[Answer] The only limitations we have for dealing with these problems are of two sorts. We cannot manage matters which are not within our sphere. In other words, if the greater part of the crisis comes from abroad, we cannot control it.

The second limitation is that we are making every humanly possible effort, with dedication to this most thankless post, but also with the limitations placed on us by nature. In other words, we have not left anything we knew could be attempted untried, in an effort to maintain a model in which we believe, and which is experiencing an era of difficulties, as does any industrialized country in the world.

The situation is difficult for all, and I believe that it would be most unjust to me personally and to my people to pedal hopes in which I do not believe. I do believe and say with all honesty that 1983 will be a better year for us, but only provided that difficulties as great as we are experiencing today are not encountered in the world and in the region.

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CHANGE IN GOVERNMENT ATTITUDE TOWARD EXPORTS DISCUSSED

Montevideo EL DIA in Spanish 14 Jun 82 p 11

[Interview with Milton Reyes, executive secretary of the Union of Uruguayan Exporters; date and place not given]

[Text] There has been a change in the thinking and attitude of the government toward the export sector, the executive secretary of the Union of Uruguayan Exporters, Milton Reyes, told EL DIA.

Speaking of the recent 10 percent reimbursement on exports and the 10 percent surcharge on imports established by law, Reyes said that "This is the first indication that the government has assigned a priority role to exports.

"Their most important aspect (the measures) is their momentum in the eyes of the public and businessmen, indicating that exports can now move forward," he said.

In an interview granted to EL DIA, Reyes also demanded "that we have the norms as soon as possible so as to know that the repayment system will continue beyond 30 November." He also urged "that the tools for the prefinancing system for exports be provided."

This high official of the exporters' union expressed the view moreover that there is "a distortion between the domestic cost value and the dollar value."

The conversation held with Milton Reyes developed as follows:

[Question] To what extent might the export sector benefit from the measures approved by the government in recent days?

[Answer] I am not yet able to assess the way in which exports will be favored in figures. Obviously, it is a question of an exchange correction for foreign trade. This 10 percent repayment and 10 percent surcharge means the establishment of a different dollar rate for sales of products to and purchases from foreign countries. In this connection, exports will benefit, theoretically, from this 10 percent. In practice, it will depend greatly on service rates, on what the increases in energy and other public services which may dilute this 10 percent advantage will be. Thus I do not want to speak of

the actual advantage, but would rather use that term employed by economists--"expectations." And however much the various government meetings have proclaimed the priority assigned to exports, for, I believe, some years now, this is the first demonstration that the government has assigned a priority role in real fact to exports. This is a positive thing. It also seems to us that the fact that the minister of economy has announced this measure and that the decree providing for its implementation will come out within a few days is rather positive, because often announcements are made and a great deal of time passes before the tools for implementation are provided. Thus what we are seeing here is government conduct which really encourages exports. Obviously this is the main thing for us, it is a change in direction. In other words, the demonstration that in fact there is concern for bringing genuine foreign exchange income into the country, income from our national labor. We have maintained and we continue to maintain that export activity is not just a sector, but a national cause. To the extent that everything works together so that exports are possible, so that we can produce for expanded markets, we will have more jobs, we will even have better wages, as has happened at times when the country was exporting heavily and had incentives to export. When this multiplication of labor, of people employed, occurs, more taxes are paid, according to the economic index. People are working and thus there are greater contributions to social security, and a whole series of resources come together, allowing me to say that the incentives or measures adopted in favor of exports are self-financed by exports themselves. What is necessary is an initial push.

[Question] Is this really the initial push you were awaiting?

[Answer] I do not know. In my view, the greatest significance here is that this is momentum in the eyes of the public and the businessmen indicating that exports can now move forward. The measures are not yet completed.

#### A Change in Attitude

[Question] In your opinion, can one then speak of a change in the thinking of the government in this connection?

[Answer] Yes. And a change of attitude as well. I think in fact that in not very distant times, the government made a series of investments to orient the country toward exports. And the private sector also made investments in exports, and one cannot simply ignore this. We must take advantage thereof. And, naturally, if the measures necessary to encourage exports continue to be approved, we can take advantage not only of the financial and human capital available but also the experience, correcting errors and proceeding to export more. I imagine that the businessmen--those remaining, because many dropped out along the way because of this situation--will also change their attitude, which called for remaining in the export sector because there was no other option, because they had to meet their commitments abroad and their financial commitments within the country. Now this may be the encouragement leading to new undertakings. This is an important moment and tools must be provided such that the best advantage can be extracted from it, in view of a change which

has even come about in foreign trade since 2 April, when the Falkland Islands conflict began. Thus we have to direct our effort toward certain areas, and this must be done intelligently. You realize that the businessman turns to exports when this is more profitable than selling in the market. For selling in the market is very simple. But when there is no more market, when there is no profitability and when the profits in exporting are greater, then there is a natural inclination to turn to exports. The important thing is that the foreign exchange brought in by exports is genuine foreign exchange based on work, and not simply on financing. In the final analysis, the interest paid on financial investments must also be paid by someone, and all of us are also paying it. We are thinking of Uruguay as if the whole of it were an enterprise: it would be necessary to establish how much should be invested in order to be able to sell more. In such a case what should be invested in order to sell more should be established in the budget, rather than being a surprise. We all of us pay for it. We are all contributing to the ability of the country to export more, from the traditional to the nontraditional categories. In reality, an exchange correction measure encourages not only nontraditional exports but the traditional ones as well. I believe that in this sense, the measure is a positive one.

#### Unresolved Problems

[Question] What currently are the real needs of the export sector in terms of repayments?

[Answer] We still have an unresolved problem. The provisions in effect speak of an end to the repayments on 30 November. This is a commitment which has been obtained from the GATT. It means that if when 30 November comes and the other repayments are eliminated, this 10 percent obviously becomes useless. It is also necessary to have the norms giving assurance that the repayment system will continue as soon as possible. For today, contracts are being signed but for delivery within 6 months. They are not negotiated from one month to the next, and we have already reached June. The date for the elimination of the repayments is 30 November. We should already know now what the policy is, because businessmen are in doubt about what to do with the contracts which will be completed after that date. It is necessary to have the certainty that in X amount of time, for example until the year 1985, a given situation will exist. If this is not known, things are very difficult.

The other aspect which is also still unresolved, despite the fact that absolutely specific statements were made at the Piriapolis Conclave, is the question of providing tools for the system of prefinancing for exports. Under this system, the exporter obtains dollar credit which he advances to the Central Bank, which gives him pesos in return. And this is only repaid at the time of export, when the devaluations work in favor of the exporter, thus allowing a reduction in the cost of the money. This is a tool which allows the national treasury or the government to obtain money in advance. And it makes it possible for the industrialist or the producer to use the most economical system for the cost of the money. But we have no information to the effect that this is being carried out. This is another of the needs.

[Question] To what extent might the acceleration in the rate of devaluation have an effect on the export sector?

[Answer] We have always maintained as a matter of principle that repayments--which in reality are a return of taxes--must exist even with a realistic exchange rate. In other words, the devaluations must work in the direction of an exchange rate based on reality, while there must still be tax returns. For otherwise, it is acknowledged internationally that neither taxes nor social burdens can be exported, such that this must continue to exist. If it is true that the results in terms of how much an export dollar is worth to an exporter depends on the dollar rate and the repayments or return of taxes, these are two different subjects. Although with a realistic exchange rate, there must also be restitution of taxes. We need this to be competitive, because we cannot sell abroad if we do not have the lowest prices, not on the basis of quality alone. Who will buy from us if we do not have the lowest prices for our size--the government has already said that we accept prices, that we cannot impose our own, such that we must compete in terms of prices. And to do this, we need all of these ingredients. Otherwise, we will not be successful.

A Taboo Subject

[Question] Is the rate of devaluation announced by Arismendi himself adequate?

[Answer] The subject of devaluation has become taboo. I have dared to say that this exchange correction means devaluation for foreign trade, when we know that in reality we must not speak of devaluation. We have the impression that domestic costs have gone up more than the cost of the dollar, as a result of which there is a lack of synchronization. It seems to me that consistent with these measures which are being studied, inflationary measures really, it could be that the rate is not really adapted to domestic costs. There is a distortion between the dollar value and that of domestic costs.

But we are hopeful that this will be one of the first measures, and we hope that others will follow to continue encouraging the maintenance of exports on the level the country needs.

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